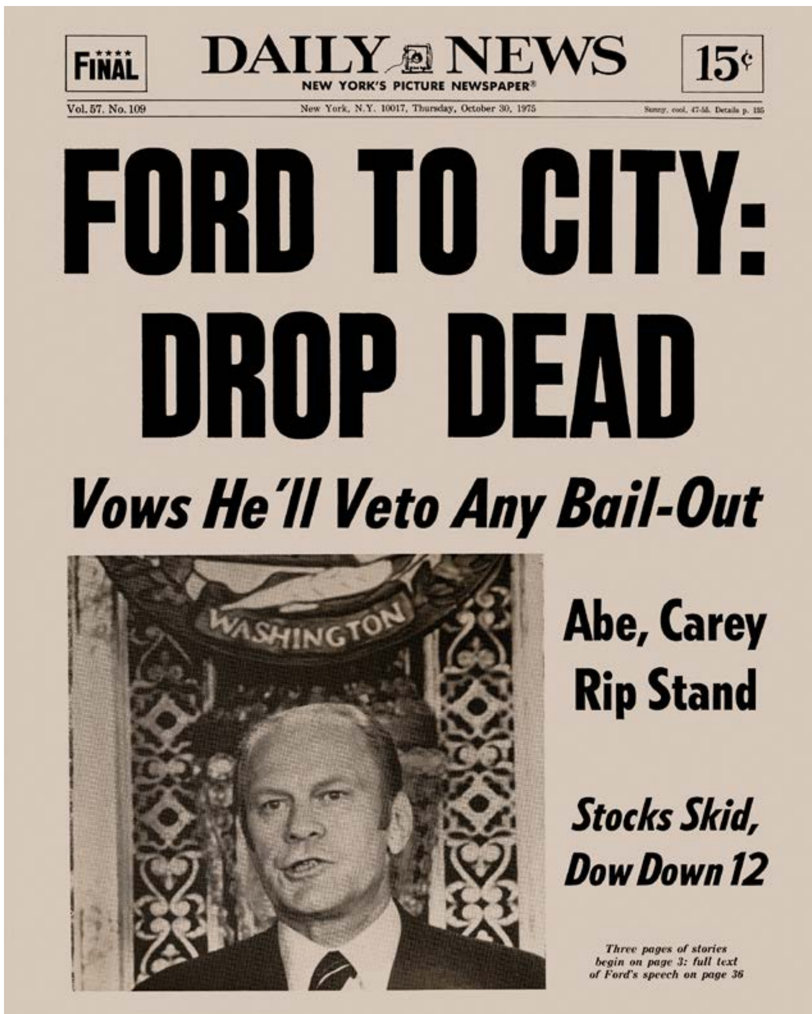
FINANCIAL HISTORY

The magazine of the Museum of American Finance



FINAL ★★★★

DAILY NEWS

NEW YORK'S PICTURE NEWSPAPER®

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Vol. 57. No. 109 — New York, N.Y. 10017, Thursday, October 30, 1975 — Sunny, cool, 47-55. Details p. 135

FORD TO CITY: DROP DEAD

Vows He'll Veto Any Bail-Out

Abe, Carey Rip Stand

Stocks Skid, Dow Down 12

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Fear City: New York on the Verge of Default

Black Wall Street: Durham, North Carolina

Avoiding the Maltese Falcon

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FINANCIAL HISTORY

The magazine of the Museum of American Finance

in association with the Smithsonian Institution

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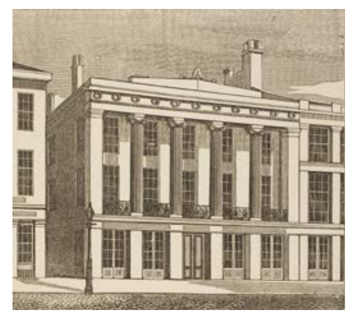
MUSEUM OF AMERICAN FINANCE

Smithsonian Affiliate

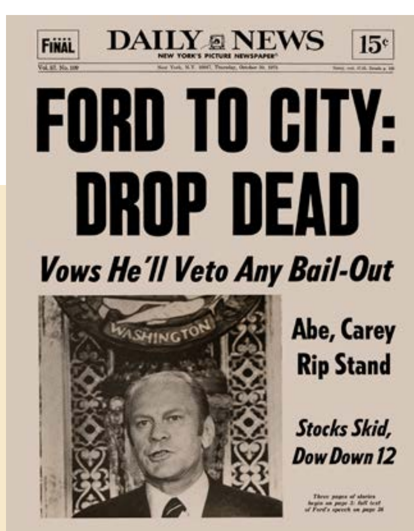
IN THIS ISSUE FEATURES



IN THIS ISSUE DEPARTMENTS

ON THE COVER

Front page of the *Daily News* on October 30, 1975, as New York City neared bankruptcy.
See related article, page 20.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New York Daily News Archive

2019 State of the Museum

Message to Members

David J. Cowen | President and CEO

On February 5, the Museum had the great honor of celebrating the achievements of two financial leaders in both the public and private sectors. We recognized Dr. Janet Yellen—recipient of the Whitehead Award for Distinguished Public Service and Financial Leadership—for her exemplary leadership as Chair of the Federal Reserve Board as the nation recovered from the Great Recession, and for her current service as Distinguished Fellow in Residence with the Economic Studies Program at The Brookings Institution. We also honored Laurence D. Fink, Chairman and Chief Executive Officer of BlackRock, Inc., with the Charles Schwab Financial Innovation Award, which recognizes financial innovators and entrepreneurs [See excerpts from the 2019 Gala Remarks, page 12].

That evening, I also delivered my annual State of the Museum address. Below I have excerpted the portion of my remarks that focused on our Board and staff's vision for the Museum's future for those who were unable to join us that evening:

What does the future hold for our Museum? Recall our core purpose is to preserve, exhibit and teach about our nation's finances and financial history. So we need to preserve our amazing and unique collection of tens of thousands of artifacts that span the history of American finance and include many of our nation's founding financial documents. We've survived two floods in Downtown New York City: one from the outside from Super Storm Sandy, and one from the inside from the building. They say things happen in threes, and we're not going to stick around to find out. Therefore, this year we will be raising the funds to move our collection to a state-of-the-art archival facility that will not only safeguard and catalog, but will fully digitize all of our documents. Once our collection is digitized, that will help us to create online exhibits that will allow us to expand our reach exponentially.

Second is to continue and expand our financial literacy programs. We have the props of history. What differentiates us is that when we teach financial literacy and teach stocks and bonds, we actually have the certificates to show the students. In many cases, we give them one (of course matured) as a takeaway when they finish the class. In 2019 we look to greatly expand our outreach into the New York City school system.

As far as exhibit space, we're at a critical juncture in the Museum's history, as we create a state-of-the-art finance museum. We don't want to have museum 2.0; we want museum 10.0. We are investigating several properties here in Downtown and other parts of New York for our permanent home. Tonight is a great step forward; with all of your generosity, we have raised over $1 million. I want to thank you from the bottom of my heart. That is the first step.

Therefore, in 2019 we're on the cusp of creating a museum for the next generation. If we are to move this museum into the future, to best represent our industry and help millions of Americans develop much-needed financial self-sufficiency, then we need you, our strongest supporters, to help propel us forward. I look forward to working with you to change these dreams into reality. $

Elsa Ruiz

David Cowen (left) and MoAF Chairman Dick Sylla (right) with honorees Laurence Fink and Janet Yellen at the 2019 Gala.

Museum Announces Fall 2018 Museum Finance Academy Scholarship Recipients

The Museum is proud to announce that Doran Katz and Vicky Li have been awarded the Museum Finance Academy (MFA)'s merit scholarships for the Fall 2018 semester. The MFA is the Museum's unique eight-week personal finance certificate course offered after school and free of charge to high school juniors and seniors. The program, which in 2018 was supported by Con Edison, provides a foundation in personal finance along with the ability for students to earn partial college scholarships.

Katz is a 15-year-old junior at the Academy of American Studies High School in Long Island City. In his scholarship application essay submitted upon completion of the MFA program, he stated, "A major theme at the Museum Finance Academy was how to prepare ourselves for the future and how to manage our money so we can live better lives. This course has been an absolute gift in that it educated me on how to effectively manage my discretionary spending while at the same time maximizing my spending power in the future."

Li is a 17-year-old senior attending Brooklyn Technical High School. In her scholarship application essay, she stated, "The topic on discretionary and non-discretionary purchases reshaped my idea of spending money. In the past, I splurged my money on whatever I wanted, from a few dollars on food every day to a hundred something dollars on Kate Spade handbags. Yet the Museum Finance Academy taught me that we should limit our consumption on wants and spend on needs. In my life, I was never an effective saver because I had too many wants, which caused intermittent financial burden to me once my allowance went out. After taking the class I no longer spend my money as 'Yes, I should treat myself'; but I would question myself, 'Do you really need this?'"

In addition to the opportunity to apply for scholarships, the MFA teaches students to aspire to financial independence, develop an appreciation for savings, set financial goals and learn to avoid financial scams. Personal finance lessons are taught through interactive classroom experiences and "field trips" to places of interest in the finance arena, including the New York Stock Exchange and the Federal Reserve Bank of New York. At the conclusion of the program, students are empowered with an understanding of the importance of saving over the course of one's life; how markets and investing work; the economics of career choices; and how to use financial products (e.g., mortgages, credit cards, etc.) and make smart financial decisions as consumers of such products. $

Vicky Li (left) and Doran Katz (right), pictured here with instructor Jim Gannon, have received the Museum Finance Academy's merit scholarships for the Fall 2018 semester.

Museum Honors Laurence D. Fink and Dr. Janet Yellen at 2019 Gala

The Museum of American Finance honored the achievements of two financial leaders in both the public and private sectors at its annual gala on February 5 at Cipriani Wall Street. Approximately 400 people attended the event, which raised over $1 million to support the Museum's mission of financial education.

Laurence D. Fink, founder, chairman and CEO of BlackRock, Inc. received the Charles Schwab Financial Innovation Award. Fink and seven partners founded BlackRock in 1988, and under his leadership, the firm has grown into a global leader in investment and technology solutions to help investors build better financial futures. The Charles Schwab Financial Innovation Award, inaugurated at the Museum's 2016 Gala, recognizes individuals who have introduced new markets or new financial instruments to our financial system.

The Whitehead Award for Distinguished Public Service and Financial Leadership recognized the significant contributions of Dr. Janet Yellen, former chair of the Board of Governors of the Federal Reserve System and currently a Distinguished Fellow in Residence with the Economic Studies Program at the Brookings Institution. Named after the late John C. Whitehead, former Deputy Secretary of State and Co-Chair of Goldman Sachs, the Whitehead Award recognizes leaders who have demonstrated great achievement in the field of finance and have also served with distinction in the public sphere.

Please see page 12 for excerpts of the remarks delivered at the 2019 Gala. $

Photos: Elsa Ruiz

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1. The Museum's 2019 Gala was held on February 5.
2. Trustees Consuelo Mack and Myron Kandel with guests at the 2019 Gala.
3. Approximately 400 people attended the Gala dinner at Cipriani Wall Street.
4. Dr. Janet Yellen with MoAF Trustee Mark Shenkman and guests at the 2019 Gala.
5. MoAF Chairman Dr. Richard Sylla welcomes guests to the 2019 Gala.
6. Former US National Security Advisor Thomas Donilon introduces Laurence Fink.
7. Former President and CEO of the Federal Reserve Bank of New York William Dudley introduces Dr. Janet Yellen.
8. MoAF President David Cowen (left) and MoAF Chairman Richard Sylla (right) present Laurence Fink with the 2019 Charles Schwab Financial Innovation Award.
9. MoAF President David Cowen (left) and MoAF Chairman Richard Sylla (right) present Dr. Janet Yellen with the 2019 Whitehead Award for Distinguished Public Service and Financial Leadership.

2019 GALA SUPPORT FROM THE FOLLOWING GENEROUS DONORS IS DEEPLY APPRECIATED

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- Taylor Wagenseil
- Barbara Yastine

MoAF Announces New Membership Program

By Kristin Aguilera, Deputy Director

The Museum of American Finance has launched a new membership program geared towards providing free priority access to its many offsite events and programs while the Museum seeks a new permanent home following the flood in its building in January 2018 (*see below*). MoAF Events Membership ($50 per year) includes free admission to all programs in its Evening Lecture Series, as well as its Lunch & Learn Series, plus one free Walking Tour per year.*

MoAF Events Plus Membership ($150) has been created for those members interested in taking advantage of the above benefits, plus one guest ticket per event, free or reduced admission to thousands of other museums via the North American Reciprocal Membership (NARM) program, membership in the Smithsonian Institution and access to exclusive travel programs through the Museum Travel Alliance.

All membership contributions support the Museum's mission to improve understanding of the financial industry and markets, while empowering individuals of all backgrounds to strive toward financial independence. $

*Note that reservations for all programs must be made in advance, while ticket supplies last.

Museum Terminates Lease at 48 Wall Street Following Flood

By Kristin Aguilera, Deputy Director

The Museum of American Finance announced in December that it terminated its lease at 48 Wall Street in New York City. It had been located in the historic bank building since 2008, and its lease was scheduled to expire in 2021.

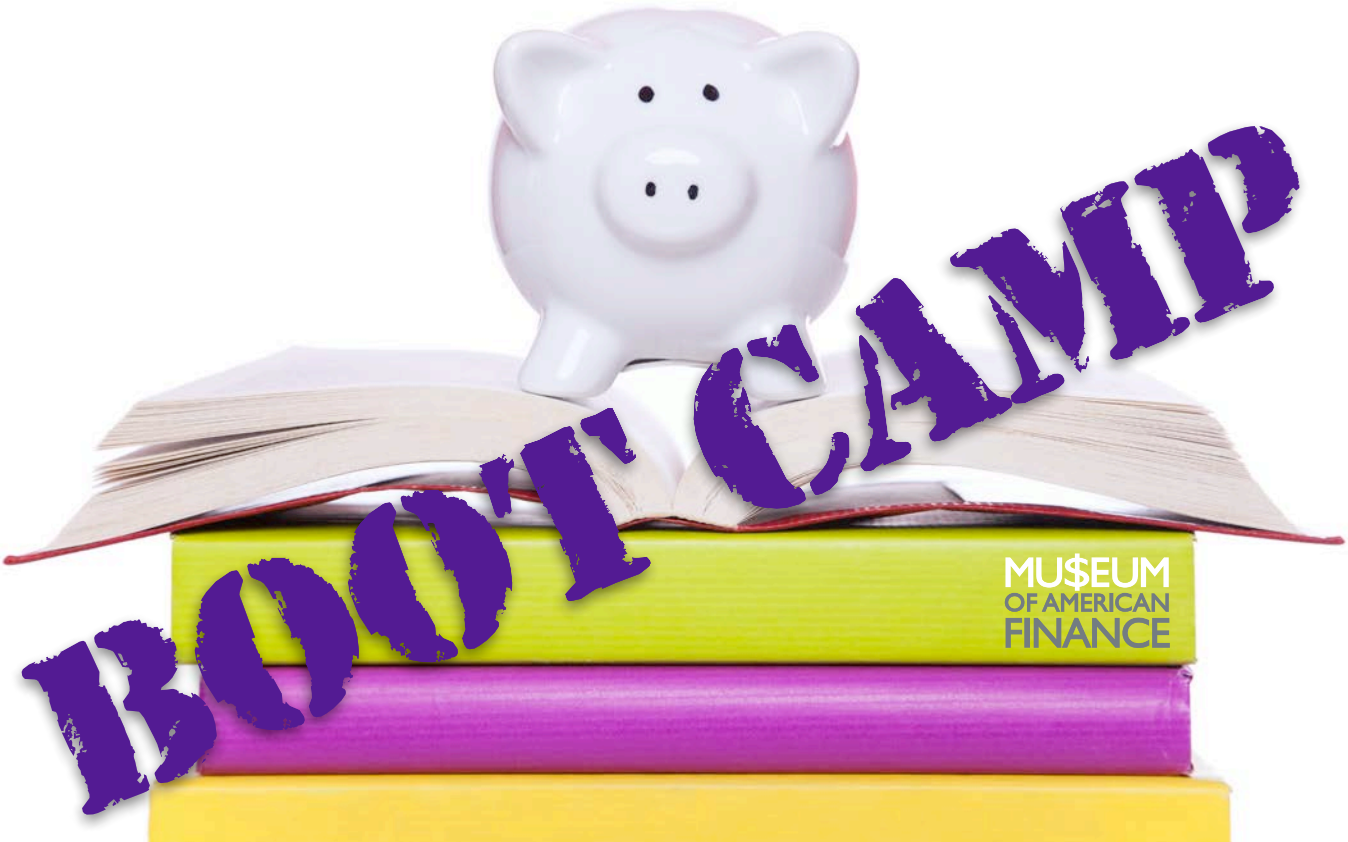
The lease termination was prompted by a major flood that occurred on January 14, 2018, when a main water pipe burst in the building. Although all three floors of the Museum sustained significant water damage, none of the objects on display or in the archives were damaged in any way. The Museum's world-class collection of financial documents and artifacts, many dating from the 18th century, was immediately relocated to a climate controlled art storage facility, where it remains safe.

Despite the Museum gallery being closed in 2018 due to the flood, nearly all of its programs proceeded as scheduled at off-site facilities. This included more than a dozen public programs in its Lunch & Learn and Evening Lecture Series, as well as a traveling exhibit in Washington, DC, showcasing treasures from the Museum's collection. The Museum also continued to offer guided walking tours of the Financial District and proceeded with key components of its educational programming, including the Museum Finance Academy (MFA)—its free eight-week personal finance program for high school juniors and seniors. Although the exhibit galleries will remain closed during the relocation, all of the Museum's other programs will continue off site. In addition, new education programs will be added in 2019, bringing MoAF educators into New York City area schools.

According to Museum President/CEO David Cowen, "We were looking to relocate the Museum in a few years given that our lease was expiring, so this was a natural time to discuss moving up the timetable."

The early termination of the lease enables the Museum to explore new venue and partnership opportunities, and to re-build all of the exhibitions from the ground up.

"Our opportunities are now open-ended, as we reimagine what a state-of-the-art finance museum could be," said Cowen. "I look forward to working with our board, staff and supporters as we script this exciting future for the nation's only independent finance museum." $



Museum of American Finance

presents:

Museum Finance Academy Boot Camp

In the Museum Finance Academy (MFA) Boot Camp, students will be taught the basics of personal finance, including how to aspire to financial independence, develop an appreciation for savings, make financial goals and learn to avoid scams. Upon successful completion of the course, all students will receive a certificate.

The program requires NO prior knowledge of finance or economics. Students must register and are admitted on a first come, first served basis.

What: 6-week financial education course

Who: Students in grades 10-11

When: Thursdays 4:00–5:30pm from February 28 through April 4

Where: WeWork, 25 Broadway, New York, NY

Cost: **FREE**

Registration Now Open:
www.MoAF.org/education

Supported in part by: wework

Bringing the Subway to Columbus Circle

By Sarah Poole, Collections Manager

As a New York City institution, the Museum's collection contains a number of historical images documenting the city's development. This photograph shows Columbus Circle during subway construction in 1901. The Museum acquired the print in 1994, and the original photograph is in the collection of the Library of Congress.

Named for the landmarked monument of Christopher Columbus at its center, Columbus Circle is a busy traffic circle located at the intersection of Eighth Avenue, Broadway, Central Park South and Central Park West at the southwest corner of Central Park. The circle was constructed from 1868–1870 as a part of the original plan for Central Park and was known simply as "the circle" or the "grand circle" prior to the installation of the monument in 1892. The monument, sculpted by Italian artist Gaetano Russo, was installed to commemorate the 400th anniversary of Columbus' landing in the Americas and was constructed with funds raised by the Italian language newspaper, *Il Progresso.*

Columbus Circle was excavated in 1901 to accommodate construction of New York City's first subway line by the Rapid Transit Construction Company. As shown in the photograph, the column was reinforced with trestles, and the streetcar tracks running through the circle were suspended on wooden bridges. Rock beneath the column and circle was blasted away to make room for what is now part of the 59th Street–Columbus Circle station. The changes made during the construction made an already busy and confusing intersection even more chaotic for traffic and pedestrians. *The New York Times* described the process that would occur every time dynamite was used at the site:

> As soon as the dynamite has been placed in the hole…the drillers and blasters rush up to the street to get out of the way. Then four or five men, armed with brilliant red flags, take their positions around the neighborhood and wave at the cars and pedestrians. When the way is clear, everybody having run as fast as they could from the place indicated by the flags, a short dull report is heard, and the ground shakes a bit as though a mild earthquake were on.

Work and life would then continue as usual immediately after the explosion. The Columbus Circle subway station was completed in February 1904, and service began in October. The station only served local trains on the Interborough Rapid Transit Company's Broadway–Seventh Avenue Line (now the 1 train). The Independent Subway System's Eighth Avenue Line (now the A, B, C and D trains) expanded service to Columbus Circle in 1932 with a new station that was built underneath the original.

The present-day station still serves the same lines, now operated by the Metropolitan Transit Authority of New York City. As of 2017, the 59th Street–Columbus Circle station serves more than 73,000 subway passengers every weekday. It is the eighth busiest subway station in New York City. $

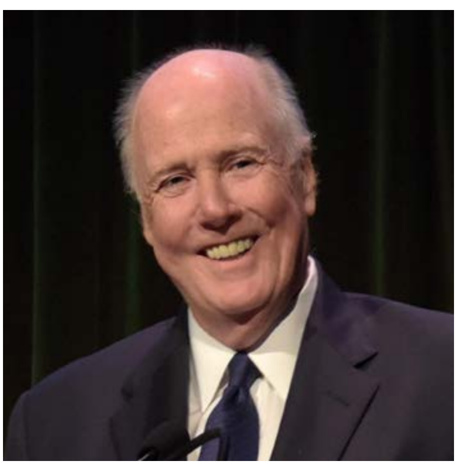
Words *of* Wisdom

Excerpts from the Remarks Delivered at the 2019 Museum Gala

At the 2019 Museum of American Finance Gala on February 5, the Museum honored Laurence Fink with the Charles Schwab Financial Innovation Award and Dr. Janet Yellen with the Whitehead Award for Distinguished Public Service and Financial Leadership. Excerpts from the remarks delivered that evening are published below in the order in which they were presented.

THOMAS E. DONILON

Former US National Security Advisor, Chariman of BlackRock Investment Institute



Elsa Ruiz

I'm delighted to be here tonight and to have the privilege of introducing the honoree and my friend, Larry Fink. I also want to say what a privilege it is to be here this evening with Dr. Janet Yellen, and to celebrate her service in so many roles to our nation. I'm going to start in an unusual place with this introduction. I'm going to start with the Super Bowl. Now you might say, "What's the connection between Larry Fink and the Super Bowl?" Well, a long time ago, Larry helped start and finance a record company, and the first act they signed was a band called Maroon 5. So, although we're here to celebrate Larry this evening, we are also here to lay full responsibility on him for Sunday's Super Bowl halftime show. So, thanks for that, Larry.

Tonight, Larry will be honored with the Charles Schwab Award for Financial Innovation. It's hard to think of a leader today in financial services who is more deserving of this recognition. Larry, as we all know, has over the past 30 years built one of the world's great financial institutions. Throughout this time, he's remained relentlessly focused on helping people secure better financial futures. He's conducted himself with the highest integrity and, in doing so, has earned the trust of individuals and institutions all around the world.

Larry has also distinguished himself by his insistence and deep belief that successful companies need to be driven by clear and positive purpose—that companies have responsibilities to their shareholders, yes, but also more broadly to their employees and their communities.

Larry's success and impact didn't happen by accident or overnight. The principles that have driven Larry were evident from the moment he founded BlackRock, along with seven others, including Barbara Novick, who's here tonight, who is our vice chairman. They founded BlackRock in 1988. Put simply, Larry believed that financial services could do better. He had a determination to put clients' interest first and to build a firm passionate about managing risk. This fiduciary culture present at the creation of BlackRock remains pervasive at the company today.

Larry works every day to ensure that this culture is maintained, even as the company has become a global institution. I've been privileged to be with Larry around the world meeting with hundreds of clients, and you can't help but see and sense the real personal responsibility he feels for the futures of the millions of individuals and families who have entrusted him and the firm he built with their financial security.

Trust is a big theme in Larry's story. At the peak of the financial crisis, Larry became a trusted advisor to the US government, and to governments around the world. He was seen as an honest broker, a source of reliable and objective advice for leaders facing great uncertainty in an environment of real fear. Today, as Larry has pointed out, people are increasingly looking to companies to address a range of social and economic issues. Larry has once again stepped up and come forward, calling for businesses to respond. He is pressing for long-term approaches to corporate governance, bringing a looming retirement crisis to the forefront and pressing the case for companies to sustain and enhance the communities in which they are privileged to operate.

Larry shares his views each year with hundreds of CEOs. Not everybody agrees, but whether they agree or not, nobody can deny that Larry has launched a critical discussion about our world's most pressing needs. Most importantly, Larry brings the same persistence and passion to his

life outside of business. He's a generous philanthropist; a devoted husband, father and grandfather; and, as many in this room know, he's a spectacular friend. It's in his DNA. So, the world could use a few more Larry Finks. And, with that, it's my pleasure to introduce my friend, the chairman and CEO of BlackRock, Larry Fink.

LAURENCE D. FINK

Chairman and Chief Executive Officer, BlackRock

Before I begin, I want to say it's a great privilege to be sharing this evening with Janet Yellen. Chair Yellen's approach to the Fed—with clear communications and data-dependent decisions—was invaluable to economic growth in the United States and around the world. And her steadiness in the face of great political turmoil reinforced the world's belief in the independence and strength of US monetary policy. Once again, Chair Yellen, thank you. And I would like to thank David [Cowen] and Dick [Sylla] and the Museum of American Finance for this award. It is my privilege; thank you.

Early in my career in finance I was lucky enough to be involved in a completely new business, creating some of the first mortgage-backed securities and developing a market for them. I'm very proud that in the '80s, we helped lower mortgage interest rates by over 300 basis points. Before we securitized mortgages, they were locked in as thrifts, and we all know what happened to the thrift industry. But, most importantly, it helped drive economic opportunity and more home ownership for more Americans. When backed by responsible underwriting and proper securitization standards, they were fundamentally sound products, and today they remain essential in helping so many millions of Americans to afford housing today.

But we saw in 2008 these securities had been underwritten and repackaged in irresponsible ways and contributed in a great way to the global financial crisis. This demonstrated how valuable financial innovation can evolve over time. And, most importantly, as a result, it carries a tremendous responsibility that I think many institutions forgot. And that is why this Museum has such an important mission—by studying what works in finance and what leads to crises. And, hopefully, we can build a system that is more stable and a system that is more dynamic; but, most importantly, a system that creates more economic opportunity for more Americans. And, particularly, we need to make sure that we, the finance industry, focuses more on outcomes and creating better long-term futures for more investors.

One of the fundamental problems of our industry is that it's too oriented towards daily market movements. We are fixated on financial products and fixated on the day-to-day movements of markets and trading. We don't give enough focus on the outcomes that investing is supposed to create. Let's be clear. We all like to spend money. Savings is not the most luxurious outcome. We make it hard for people to think about savings and the outcomes that investing is supposed to create. We need a system that prepares more Americans for their futures. The abandonment in America of the defined benefit plans that were a whole foundation of our pension system, and shifting to defined contributions, for example, has created much greater, deeper social problems. Much greater problems than we're all willing to admit.

And when that shift happened, we as an industry spent a lot of time focusing on new product sets, but we didn't give the tools individuals needed to manage their retirement. This is not just a financial problem or a financial services industry problem; it is a corporate problem. They walked away from the responsibility of their own employees' retirement, without giving the financial literacy of how to prepare for that long outcome. So, as a result, many Americans today are unprepared and underfunded for retirement, which is contributing to income inequality, and to so much of the anger we're witnessing today—to so much of the rise of populism we're seeing today.

We have to rid ourselves of the minute to minute ticker tape mentality. We all have a responsibility to build a financial system that is strong, stable and helps investors prepare for their futures. And, for the young people, where $24 trillion are going to move from the Baby Boomers to Millennials and Generation X, it is going to be decades for them. And, if they're not prepared, we haven't seen anger yet.

That is going to require a change, not just on Wall Street, but in so much of the corporate sector today. The tremendous pressure to deliver quarterly numbers distracts all of us, but particularly companies, from focusing on an approach that would deliver more long-term growth. We have a tremendous responsibility as an industry—and at BlackRock—to prepare more clients for retirement and to talk to more companies about these pressures.

That is why we said that we need Wall Street to take a more long-term approach. But we also need companies to stand up, to be clear about what they're doing and what their individual corporate purpose is, and how they're building a future for their employees, for their shareholders, for their clients and, importantly, for every community they operate in. That is how you build a future—by focusing on all of your stakeholders and building your stakeholders to believing in the company and believing in yourself. Clarity and consistency are essential to changing norms and creating the trust that companies need to invest for the long term. And that clarity and consistency can lead to more engaged clients and employees. They actually do more for that company. And when they're more attached to every community where they work and show

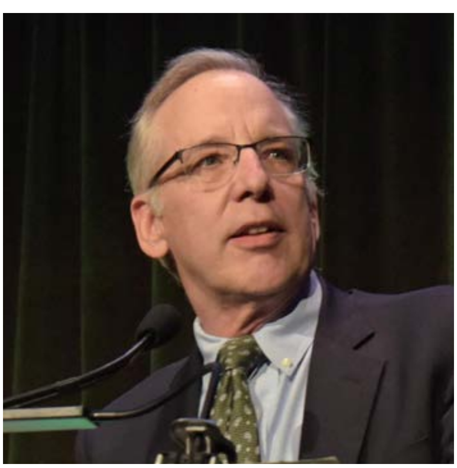
that they deserve a license to operate, they generally can produce far greater, much more sustainable profitability.

I've said this in the past and I'll say it again: I am a committed globalist. I am proud of that. And I'm a committed capitalist. But we have to recognize that we are living with the scars of the financial crisis and that the populism that we're seeing is clear evidence of the fear that people have with their future, and maybe with their children's future. We need to take the lessons of what happened to heart. We need to put pressure on ourselves and the world to take a more long-term approach. I do believe it's going to be up to public companies more than governments because the governmental cycle is making it even more difficult for a long-term approach. And, most importantly, for everyone in this room, we need to create a financial system that creates more inclusion and more economic opportunity.

And, that again is why I believe in the Museum's mission to study our financial past so we can be more secure about our financial future.

WILLIAM C. DUDLEY

Former President and Chief Executive Officer, Federal Reserve Bank of New York



Elsa Ruiz

I'm delighted to have the opportunity tonight to introduce Dr. Janet Yellen. Janet, my congratulations to you for being this year's recipient of the Whitehead Award for Distinguished Public Service and Financial Leadership. I've been fortunate to have the opportunity to work closely with Janet for many years. Part of that has involved introducing her at various events, and believe me, that never gets old.

One particular introduction I remember most fondly: The New York Fed was hosting an anniversary celebration for high school students who had participated in the annual Fed Challenge. In the Fed Challenge, students debate US monetary policy, and they take on the roles of key players. And, of course in this role playing, everyone wants to be Janet. Now, Janet happened to be in the building that afternoon to do a town hall event with me and other Fed staff. But I imposed on her to stay a little while longer to come with me afterwards to make an unscheduled and unannounced visit to the Fed Challenge anniversary event. However, rather than making a grand entrance, I decided to make it a surprise. We sneaked in through the back door and slowly walked through the room, introducing ourselves to the students as we made our way to the front. The saucer-sized eyes on the teenagers we encountered as we filed in said it all: "I can't believe it. There she is. There is Chair Yellen." Seeing the look on their faces as they realized that this was indeed the real Janet Yellen was among the most satisfying moments during my tenure at the Fed.

It was pleasing to contemplate Janet, the Fed chair, as rock star. In contrast, I expect both Janet and I would put testifying before Congress quite a bit further down our lists. Now this admiration offered Janet was also evident when she paid a final visit to the New York Fed last year soon after her retirement. She is beloved and a role model both for those who aspire to be central bankers in the future and for those who already are.

So what makes Janet so special? Well, for me it's very simple. She's committed to public service, she has an extraordinary intellect, she's an extremely hard worker, she's a person of great integrity and she has the courage of her convictions. Moreover, and I think this is important, she leads in a cooperative and collegial way, which empowers others and helps ensure that the best ideas do, in fact, win. These are the attributes of why she was such an effective leader of the Federal Reserve.

When you look at Janet's career, two things stand out: the length of her commitment to public service and the excellence with which she served. When Janet became chair of the Fed in 2014, she was without argument the most well-qualified individual ever to assume the role of Fed chair. Not only had she been a governor of the Fed and vice chair of the Fed, but she'd also been president of the San Francisco Fed. She alone had the experience and expertise to bridge the gap between the governors in Washington at the Board and the 12 Federal Reserve Bank presidents.

Janet's service at the Fed was marked by her powerful intellect and exceedingly good judgement. Janet artfully led the federal open market committee in restoring the economy back to full employment and price stability. Now the task facing the Fed is very different: how to stay here.

I don't want to give you the impression that Janet is perfect. She's close, but she's not perfect. There is a strong view among her colleagues, for example, that she could be a little bit less cautious about ensuring that she gets to the airport on time. And, today when I came here with my wife Ann, I said let's get there around 10 past six because I'm sure Janet will be there by then. And she was. But even her caution in making sure she gets to the airport on time has a silver lining. You can always count on her; she's never going to miss a plane flight.

Janet has also been a wonderful colleague and friend to me. We've had the type of trusting and supportive relationship that led to healthy discussion, debate and collaboration. In the end, I think her collegial approach got the best out of all her colleagues and resulted in better policy—policy that was superior in all its aspects, including design, implementation and communication. I've been extraordinarily fortunate to have the opportunity to be her friend and to work closely with her during the financial crisis and on that long journey back from that crisis to full employment and a healthy US economy. So, without further ado, Janet the floor is yours.

DR. JANET L. YELLEN

Distinguished Fellow in Residence, The Brookings Institution; Former Chair, Federal Reserve Board

My congratulations to Larry Fink for his enormous contributions to finance. And thanks to David Cowen and the Museum of American Finance for your efforts to improve Americans' understanding of financial markets and their history.

It's a tremendous honor to receive the Whitehead Award for Distinguished Public Service and Financial Leadership. John Whitehead was an eminent financier, public servant and philanthropist. He served with distinction along with John Weinberg as co-chairman of Goldman Sachs and afterwards in a multitude of public positions, including Deputy Secretary of State under George Schultz, chairman of the Federal Reserve Bank of New York and, later, chairman of the Lower Manhattan Development Corporation, which rebuilt the site of the World Trade Center towers after 9/11. In finance, Whitehead will be long remembered for another accomplishment: his insistence on integrity and honesty as core business principles. In 1970, he composed the then 12, and now 14, principles of ethical behavior that remain to this day the guiding code of conduct at Goldman Sachs. The first of these commandments is, "Our clients always come first." The last commandment begins, "Integrity and honesty are the heart of our business."

I've seen these same core principles apply in the realm of public service, where they guided the development and implementation of policy in all of the government positions where I've had the privilege to serve. As a member of the Board of Governors during the Greenspan years, as chair of the Council of Economic Advisors under President Clinton, as president of the Federal Reserve Bank of San Francisco, as vice chair of the Federal Reserve under Ben Bernanke and, finally, as Fed chair. Throughout, I've seen Whitehead's principles commanding that our clients come first and that our work be conducted with professionalism, integrity and honesty serve as the guide posts for our work and those which defined our mission. For government agencies, of course, the clients are the American people.

The most dramatic example of these principles in action that I witnessed during my career occurred just over a decade ago when America and the global economy were struck by a virulent financial crisis. The downturn that followed that dramatic financial crash was dreadful. Over 40% of Americans experienced job loss, foreclosure or an underwater mortgage. But the consequences could have been far, far worse. There could easily have been a repeat of the Great Depression. To avoid that, dedicated public servants in the Federal Reserve and other agencies gave it their all, working night and day and collaborating to implement creative plans to bring about the recovery we enjoy today.

Addressing the crisis demanded an array of novel responses, and leaders and staff throughout the Fed and other government agencies moved with force and speed to develop innovative lending programs and to keep credit flowing to households and businesses. Bold and unprecedented steps to promote economic recovery were also needed in monetary policy when short-term interest rates were cut to near zero. I believe that the government's efforts to address the financial crisis were successful for exactly the reasons that Whitehead emphasized in his code of ethics.

Two presidents, the Congress and the public had confidence in and could place their trust in organizations like the Federal Reserve, relying on their deep expertise in economics and finance, and knowing that their advice reflected rigorous analysis and a careful weighing of costs, benefits and risks. They recognized that the novel approaches these agencies proposed reflected the efforts of courageous public servants who placed their clients—the American public—first. They saw that public servants were acting with integrity and honesty. The crisis called forth numerous examples of courage and self-sacrifice by the public servants with whom I was privileged to work.

As one example, I especially remember a senior Board staffer who ran all day and all night conference calls to work through a host of thorny issues regarding the stress tests. As the ink on the test results dried, she was rushed to the hospital with a heart attack. A few weeks later, she was back on the job.

I've often been asked what I most enjoyed about the job of chair. Looking back, I can say that my fondest memories are of days filled with staff meetings—discussions of policy with knowledgeable Fed staff and Board colleagues around the table, where we delved into the details and debated the finer points of policy proposals.

The Fed is filled with professional, ethical, non-partisan staff who are dedicated to improve the economy and financial markets through their research and policy work. They are talented, committed and caring. They value objectivity and decisions based on evidence. Their only interest is the public interest. Even on the most challenging days, indeed especially on such days, I felt it a great privilege to be a member of the Fed community. I've always been grateful to have had the opportunity to make a real difference and to work with colleagues whom I respect and esteem. This has been the fulfillment of aspirations I have nurtured for my entire adult life.

Thus, I thank you for this award, and I'd like to accept it on behalf of current and past employees of the Federal Reserve, especially including my colleague Bill Dudley, who I thank for introducing me here tonight. Bill's expertise and insights informed all of our most important decisions, and he exemplifies dedication to public service in the field of finance. Thank you. $

Donaldson Collection

Avoiding the Maltese Falcon

By Brian Grinder and Dan Cooper

The Maltese Falcon is best remembered today as the 1941 breakthrough film noir classic starring Humphrey Bogart and Mary Astor.[1] The movie is based on Dashiell Hammett's novel of the same name, which was first published serially in the detective magazine *The Black Mask*, from September 1929 to January 1930. Hammett's third and most successful novel imagines a world where self-interest is paramount. It is a world where capitalists are portrayed as ruthless criminals who will stop at nothing to get what they want. What they want ultimately turns out to be worthless.

Hammett (1894–1961) worked as a Pinkerton agent in Baltimore from 1915 to 1917. He enlisted in the US Army in 1918 (WWI) and contracted tuberculosis while working as an ambulance driver at Camp Mead, Maryland. He returned to work for the Pinkerton Agency in 1919. In 1920, he moved to Spokane, Washington, where he worked for a few months as a Pinkerton operative and strikebreaker in the mining districts of Idaho and Montana. He suffered a relapse of tuberculosis and ended up in Cushman Hospital in Tacoma to recuperate. He met his wife, Josephine, at the hospital where she worked as a nurse. They married and moved to San Francisco, where Hammett took up writing in a desperate effort to make ends meet. He eventually found success writing "hard-boiled" detective stories.

In 1951, Hammett, a member of the Communist Party since 1936, was summoned to testify about communist activities in the United States and repeatedly pled the fifth. This led the district court judge overseeing the trial to sentence Hammett to six months in prison for contempt of court. He served five months, which further damaged his health, and he died in 1961.

Actor Humphrey Bogart poses for a publicity still for *The Maltese Falcon*, 1941.

Hammett authority Robert Shulman describes *The Maltese Falcon* as a new version of the detective novel that "reveals a brilliant and penetrating analysis of a late capitalistic society." While Hammett was critical of capitalism, what he describes in the novel is the universal human foible of unchecked greed. Such greed is not the unique product of capitalism; it has been with us since the dawn of mankind. Hammett's tale leads to the conclusion that goals and objectives motivated primarily by greed only lead to disappointment.[2]

The novel opens with Miss Wonderly (Brigid O'Shaughnessy) showing up at the offices of Spade and Archer, where she tells detective Sam Spade a cock-and-bull story about her concern for her runaway sister's safety. Spade's partner is murdered when he follows up on Miss Wonderly's ruse. In truth, O'Shaughnessy was involved with a gang of criminals who were intent on stealing the Maltese Falcon.

The falcon statuette was crafted by the Knights of Rhodes as a gift to the King of Spain, who had granted the island of Malta to them. According to Casper Gutman, the criminal mastermind who is trying to steal the statue, the falcon was "not an insignificant bird, but a glorious golden falcon encrusted from head to foot with the finest jewels in their coffers. And—remember sir—they had fine ones, the finest out of Asia."

Unfortunately, pirates pilfered the bird while it was en route to Spain, and it disappeared for centuries. At some point, the falcon was painted with black enamel to conceal its true value. Gutman spent 17 years tracking it down. When he finally found it in Constantinople, he sent O'Shaughnessy along with Joel Cairo to retrieve it, but O'Shaughnessy, wanting the falcon for herself, betrayed Gutman. She tried unsuccessfully to get the falcon into San Francisco from Hong Kong without being detected by Gutman's gang. When her plan unraveled, she turned to Spade for help.

Lying, cheating, stealing and murder are rife as everyone involved acts in their own self-interest. Alienation is a key theme in the novel. O'Shaughnessy murders Archer. Her own henchman, Floyd Thursby, in turn is murdered, shot in the back by Gutman's gunman, Wilmer Cook, who also kills the captain of the boat that brought the falcon to San Francisco. Gutman betrays Cook when he agrees with Spade that Cook should be the fall guy. Cook kills Gutman after the falcon is shown to be nothing but black lead throughout. In the end, Spade, who may love O'Shaughnessy, turns her in for murdering his partner. According to Shulman:

> Gutman, Cairo and Brigid O'Shaughnessy ruthlessly pursue their own self-interest as they try to obtain the jeweled black bird, a Satanic embodiment of fabulous wealth. The bird is fake, but the quest continues. The characters are exotic, but their motives are all too familiar and their destructive results constitute a judgment on the entire enterprise of single-mindedly pursuing wealth.

Self-interest, a mainstay of modern economics, pervades the novel. It surfaces in Gutman's reply to Spade after Spade tells him that he represents himself, not Cairo or O'Shaughnessy:

> That's wonderful. I do like a man that tells you right out he's looking out for himself. Don't we all? I don't trust a man that says he's not. And the man that's telling the truth when he says he's not I distrust most of all because he's an ass and an ass that's going contrary to the laws of nature.

A worthless bird statuette[3] wreaks havoc on everyone involved. Yet, writes Shulman:

> All the destructive energy of the novel's characters has its source in the exchange of the bird. Every time it changes hands, the value goes up. Gutman, Cairo and Brigid are the

Universal History Archive

Poster advertising *The Maltese Falcon,* the 1941 film noir based on the novel of the same name by Dashiell Hammett.

leading players in the serious game of exchange. They live in a world of trading, deception, expediency and self-interest. These social qualities create a world that has no stability or certainty, so that the basis for uncertainty and instability is social and economic.

Hammett's criticism of capitalism holds true whenever unthinking obeisance is paid to the self-interested, utility maximizing "economic man." Since self-interest and unchecked greed eventually lead to undesirable economic consequences, all capitalists must confront the question: Can corrupt "attaining the Maltese Falcon"-type goals be avoided? If so, how? If not, what is to be made of capitalism?

Personal finance textbooks suggest that financial goals should be SMART (Specific, Measureable, Achievable, Realistic and Time-based), but they usually have nothing to say about the disappointment of striving towards goals that, once reached, prove to be unfulfilling. There are no easy answers to this problem. However, the probability of creating Maltese Falcon-type goals can be greatly reduced by addressing the following questions: First, will reaching a goal make the world a better place? Second, must others be hurt (e.g. family, friends, colleagues, employees, customers) in order to reach the goal? And third, how can greed be kept in check as one strives to reach a particular goal?

Additional questions will be suggested in the next *Educators' Perspective*, when we discuss the curious *Flitcraft Parable* that appears in the middle of *The Maltese Falcon*. $

Brian Grinder is a professor at Eastern Washington University and a member of Financial History*'s editorial board. Dr. Dan Cooper is the president of Active Learning Technologies.*

Notes

1. Two other movies based on Hammett's novel were made prior to the 1941 classic: *The Maltese Falcon* (1931), and *Satan Met a Lady* (1936). The pre-Production Code 1931 film was banned from rerelease in 1936 because the Production Code Office deemed its contents lewd. The restriction was lifted in 1966, and the film was retitled *Dangerous Lady* in order to avoid confusion with the 1941 film version.
2. Hammett's granddaughter, Julie Rivett, provided a keen insight into her grandfather's novel when she was interviewed for the documentary *The Maltese Falcon: One Magnificent Bird*. According to Rivett, "And certainly that's part of what drives the novel is this hunt for wealth, but when you get it, it isn't what you thought it was going to be."
3. It's ironic that one of the Maltese Falcon statuettes used in the 1941 film sold at auction in 2013 to Steve Wynn for $4.1 million.

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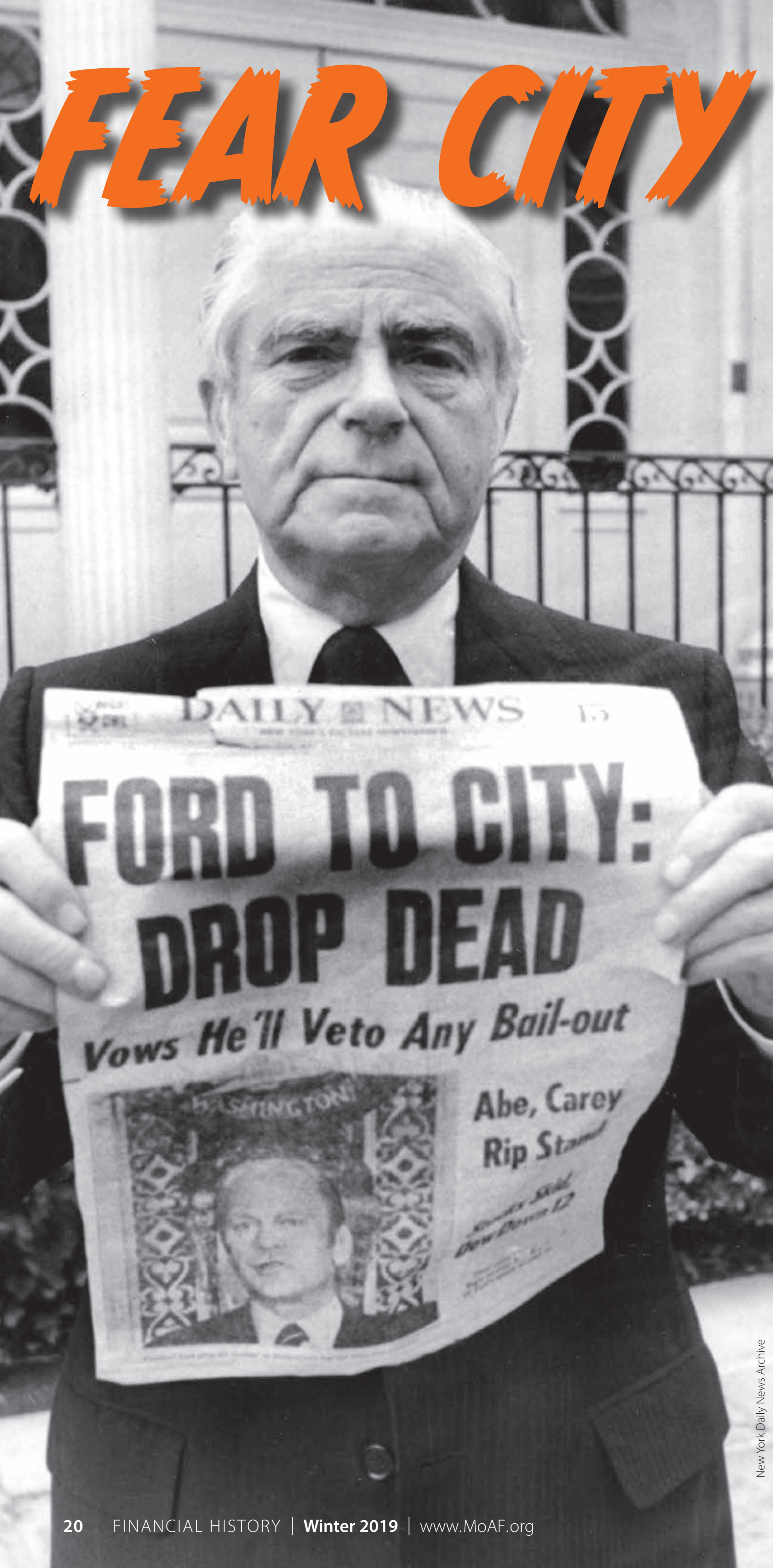
FEAR CITY



New York Daily News Archive

New York on the Verge of Default

By Kim Phillips-Fein

At 12:25 in the morning on Friday, October 17, 1975, an aide for New York City Mayor Abraham Beame placed a desperate telephone call to President Gerald Ford. He was not permitted to wake the sleeping President, though the mayor's office had serious news. That day, New York City had debt of nearly $453 million coming due, and it had only $34 million on hand. Without immediate access to more money, the city would be forced into default.

As the day dawned, reports on what was about to happen in New York spread around the world. Currency trading nearly halted in Europe; the price of gold climbed; the Dow Jones plummeted. Dozens of people who owned city bonds lined up in the Municipal Building early in the morning, clutching notes they wanted to redeem; they were turned away and told to come back later on.

For most New Yorkers, life that day went on as usual. The trains ran, people went to work, the streetlamps turned off as the sun came up. But for those who knew what was happening, it was as though the city was about to enter a strange new land, where nothing could be taken for granted any longer.

The previous evening, the city's economic and political leadership had been gathered at the political pageant known as the Alfred E. Smith Memorial Dinner, held every year at the Waldorf-Astoria Hotel in Midtown.

This formal assemblage to raise money for Catholic charities had begun in 1945 in honor of Alfred Smith, the 1920s governor of New York State and the first Catholic presidential candidate. The fiercely anti-Communist Archbishop Francis J. Spellman organized the first gathering the year after Smith died. The dinners quickly became a "ritual of American politics," to

New York City Mayor Abe Beame holds up a copy of the famous *New York Daily News* front page headline, "Ford to City: Drop Dead," published on October 30, 1975.

Bettmann

Treasury Secretary William Simon (left), Secretary of State Henry Kissinger (center) and Alan Greenspan, chairman of the Council of Economic Advisers, brief reporters aboard Air Force One on plans to stabilize sharp fluctuations in the value of the dollar, November 1975.

quote journalist Theodore H. White. In presidential election years, it was a tradition for both major candidates to attend and to share a stage for the last time before voters went to the polls.

Instead of serious debate, they would trade short, jokey speeches poking fun at themselves and at each other, as though to reassure all present that no matter who won in November, everyone still belonged to the same club. In past years, John F. Kennedy, Richard Nixon, Dwight Eisenhower, Lyndon Johnson and Hubert Humphrey had all been featured speakers.

Despite the desperate mood in the city, no one thought of canceling the 1975 event. Ella Grasso, the first woman governor of Connecticut, was the guest of honor. But her speech was to be the least-remembered aspect of the dinner on October 16. When New York Governor Hugh Carey left his office on Thursday afternoon to attend the Smith dinner, he was aware that the city did not have the money to cover the next day's debt payments, but there seemed to be a plan to assemble it in time. The trustees of the Teachers' Retirement System, the pension fund for the teachers' union, were gathering that same evening to authorize the purchase of a round of the bonds of the municipal assistance corporation, a state agency (known as MAC) charged with raising money for New York.

That purchase would, in turn, give the MAC board—scheduled to meet at 10:00 pm—the legal ability to release money for the payment of city debts. Carey had fully expected the Teachers' Retirement System to approve the MAC bonds. He had not, however, accounted for the intense unhappiness within the union about the direction of the city. The previous day, October 15, Mayor Beame had made public the first version of the city's new financial plan as required by the Emergency Financial Control Board (EFCB). It proposed to shrink the public sector in almost every way—closing hospitals, day care centers, fire companies and senior citizen centers; ceasing addiction treatment services; and limiting other social programs.

According to the plan, the city could no longer afford an "expansive university system," a "large and under-utilized hospital system," or the spending that had grown out of the "federally sponsored social services revolution of the 1960s." It could only accomplish the bare minimum expected of all city governments: police and fire protection, sanitation, sewage and the provision of potable water.

"We can take no pride in the plan," Beame wrote in a public letter to Carey, "because it places a higher priority at this time on the grim economic realities confronting the city, rather than the needs of our citizens. Unfortunately, this is a course that must be taken at this time in the interests of our economic survival."

The mayor's announcement was hard for the city's labor leaders to swallow. Among other issues, it would necessitate the layoff of thousands of union members without even the pretense of negotiation with the unions, which seemed an ominous sign for the future of collective bargaining. The Municipal Labor Committee immediately issued a fierce public statement, saying that the only people who really understood what these cuts would mean for the city were the city workers themselves.

"In the schools, hospitals, precincts, parks, libraries, youth centers, social, recreational and other agencies of New York City, we see firsthand how the fabric of life in this city is being irretrievably torn."

The city would be destroyed by service cuts of this magnitude, the statement charged, for "the fiscal crisis is far less dangerous than the social crisis confronting New York City."

Amidst this mounting anger, it must have been hard for Albert Shanker of the United Federation of Teachers (UFT) not to notice that the city's plans for getting through October 17 revolved around the teachers' pension fund purchasing $150 million in city debt. The UFT members had struck against austerity in September; their contract was still under review by the EFCB. Why should the union now lift a finger to help?

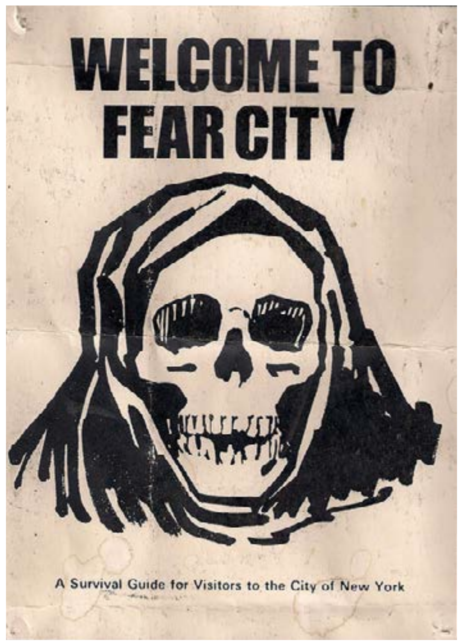
Indeed, Deputy Mayor Kenneth Axelson was sufficiently concerned about Shanker that he had contacted the Treasury Department earlier in the month to alert them to the possibility that the UFT might hold out on the bonds until its contract was signed. And on the morning of October 16, Felix Rohatyn noted with some concern that the UFT pension fund trustees had not given their "firm binding commitment" for the bond purchase. All the other union pension funds had already bought their share of the notes—but not the teachers.

Following this conversation, Governor Carey spoke to Shanker to emphasize that negotiations with the Board of Education had to be considered "completely separate from, and unrelated to" the use of the teachers' pension moneys to fund the city. Still, no one thought the teachers would actually refuse to come through. When Carey left the office in the afternoon of October 16 to go to the dinner at the Waldorf, he told his staff not to expect him back until the next day.

Much of the Al Smith dinner proceeded as usual. The raised platform seating the city notables was so packed with tables that it took up nearly half the room. William Ellinghaus was there, as were Richard Shinn and Hugh Carey, Arthur Ochs Sulzberger and Mrs. Vincent Astor, James Cavanagh and Mayor Beame. The 1,700 assembled guests consumed oysters, steak and steamed baby Maine potatoes as they listened to New York's legendary urban planner Robert Moses reminisce about Smith.

But as the night went on, Comptroller Harrison Goldin noticed something odd. It seemed to him that the dais was emptying out, the notables seated there melting away. A bit before 10:00 pm, a waiter stopped by the comptroller's table. Mayor Beame, he said, was requesting Goldin's presence at Gracie Mansion immediately.

By the time Goldin arrived, the city's bankruptcy lawyers had already been meeting for hours in the basement rooms; the ashtrays were filled to overflowing. The teachers' union, he was told, had voted against buying the MAC bonds, citing fiduciary responsibility. As pension fund trustee Reuben Mitchell put it, "We must watch that investments are properly diversified, that all our eggs aren't put in one basket."



This "Welcome to Fear City" pamphlet offered safety and survival tips for New Yorkers and visitors during the financial crisis in 1975, as many of the city's public safety services were reduced due to budget cuts.

The members of the MAC board, arriving back at the governor's midtown office to sign off on their part of the deal, many still in formal dress from the dinner, got the news at the same time. Investment banker Felix Rohatyn burst into the room carrying the press release from the teachers' union.

The UFT had done enough to help the city, it proclaimed; now New York would need to come up with the money on its own. Up at Gracie Mansion, the mayor and his team of lawyers were getting ready to figure out how the city could declare bankruptcy and still keep running.

Sidney Frigand, the mayor's press secretary, later recalled (as quoted in a *New Yorker* essay about the evening of October 16 by writer Jeff Nussbaum) the debates about which workers were indispensable to the city's operation. "Bridge tenders who raise and lower bridges were essential. Teachers weren't life-or-death."

Despite the lack of legal precedent for the default of a city like New York, the city's lawyers, working through the night, drew up a bankruptcy petition to file in State Supreme Court that would protect the city's assets from immediate seizure by its creditors. Mayor Beame signed it, as did attorney Ira Millstein and the city's corporation counsel, W. Bernard Richland.

Meanwhile, Beame's old friend and public relations counselor Howard Rubenstein prepared a press release in the mayor's name that the banks would have found chilling. "I have been advised by the Comptroller that the City of New York has insufficient cash on hand to meet debt obligations due today," the statement began. "This constitutes the default that we have struggled to avoid."

The document (which the *New Yorker* reprinted online with Nussbaum's article) then went on to present the case for a formal declaration of bankruptcy. Unless the city made this declaration immediately, it would be legally required to use all of its remaining money to pay for debt service "rather than life support and other essential services."

Under bankruptcy, on the other hand, it would be up to the courts to adjudicate what to do with the resources that remained. What followed was a list of the city's priorities in the state of default. At the top were police and fire protection, sanitation and public health. Next were food and shelter for those who depended on the city, hospital and emergency medical care for people without other resources and payment to any vendors who provided these services. Then the city would pay for the public schools, primary and secondary alike.

At Carey's office the mood was morose. Shortly after the governor heard that Shanker was pulling out of the deal he spoke to Richard Ravitch, a wealthy real estate developer who had helped Carey cope with the collapse of the Urban Development Corporation. Ravitch was personally acquainted with Shanker—they had been connected through the democratic socialist and civil rights leader Bayard Rustin. Later in the evening, Carey phoned again as Ravitch was climbing into bed.

After the call he prepared to go meet the governor. They consulted briefly, and then Carey dispatched a police car to drive Ravitch to Shanker's apartment. There, the

two men talked late into the night. Ravitch recalls that their conversation ranged from the immediate to the existential. According to him, Shanker was primarily concerned with the question of whether it really was in keeping with any concept of fiduciary responsibility to use pension funds that retirees were depending on to purchase the debt of a near-bankrupt city. He never raised the question of the teachers' contract and the EFCB, even though it must have been on his mind.

Ravitch went home in a police car at 5:00 in the morning, charged with a feeling of tremendous responsibility. Anxious and excited, he wondered whether one man—Shanker—could make a difference in history. Sleep was out of the question. After all, the morning television stations were reporting that the city was about to go bankrupt, and no one knew what would happen after that.

Rohatyn, meanwhile, had called President Ford's adviser, L. William Seidman, shortly after midnight. "Looks like a default tomorrow," he told Seidman, blaming the teachers for backing out of the financing deal.

"Absolutely certain?" asked Seidman, pressing him on whether the city had any other options. Rohatyn responded that he thought New York was out of alternatives, though of course they'd keep trying. He promised to keep in touch with Washington throughout the day.

When Ford woke up at 5:30 am, he got the news from Seidman and convened a meeting of those within the administration dealing with New York City. The federal government was kept closely informed about developments, but it seemed unlikely to step in with credit or aid.

As Ron Nessen, Ford's press secretary, told reporters, "This is not a natural disaster or an act of God. It is a self-inflicted act by the people who have been running New York City for a long time."

On the morning of October 17, as luck would have it, Mayor Beame was supposed to be honored by the city's Optimist Club. Thirty-seven members of the organization came to City Hall, attempting to present the mayor with an award to recognize his "optimistic attitude" in coping with New York's difficulties. They were turned away.

"Only a miracle can prevent default now, and I don't expect any miracles," City Council President Paul O'Dwyer told the *Daily News*.

The city's collapse was the top story on every television news program, and the drama inevitably put a spotlight on Shanker and the teachers' union.

Early in the morning, Shanker met with Beame and former mayor Robert Wagner at Gracie Mansion. A few hours later, Shanker called Ravitch at Carey's office. He wanted to talk again, but he had no desire to go to the governor's office, to walk in past all the reporters.

They agreed to meet at Ravitch's Upper East Side apartment. Shanker came down from Gracie Mansion, while Carey and Ravitch, riding in an unmarked police vehicle to elude press attention, traveled up from the governor's office. There was no regular food in the house to eat, so the governor, the head of the teachers' union and their aides and friends snacked on some matzos that Ravitch had lying around. At around noon, after three hours of conversation—and reassurances that should the city default, MAC bonds would get priority—Shanker agreed to recommend to the trustees of the teachers' union that they agree to the bond purchase. No one else was coming forward to save the city, and if New York collapsed, who knew what terms a bankruptcy judge might declare for the teachers' union?

It was easy to imagine that teachers might be fired en masse, or their pensions raided to pay back debts. Shanker went back to the governor's office to meet the press around 2:00 in the afternoon. As he spoke to the reporters, looking worn and exhausted, he made it clear he was under pressure far more intense than he had ever anticipated. He still thought the mayor and the governor had been "extremely destructive" to the school system and the entire framework of collective bargaining through their unilateral cuts. His union, he insisted, had been the victim of "blackmail." But it was an unusual sort of coercion, for no single individual could be blamed.

"Look," Shanker told the crowd, "The pressure is not from the governor, and it's not from the mayor. The pressure is from the situation."

Once the union voted to make the purchase, the city's normal mechanisms cranked back into gear. The throng of creditors who had gathered early in the morning at the Municipal Building began to collect checks at 3:10 in the afternoon.

Manufacturers Hanover stayed open past its closing time to accept the money from the teachers' union and to process requests to redeem notes. New York, it became clear, would not default that day.

Ever after, there would be questions about the events of October 17. It seemed surreal that the city had come so close to bankruptcy. Perhaps the teachers' union had never been serious about not making the purchase, but had only sought to show the EFCB that its compliance should not be taken for granted. Perhaps if the UFT had held out and refused to buy the debt, some other union—maybe Victor Gotbaum's District

Council 37 or John DeLury's Sanitation Workers—would have swooped in at the last minute, unlikely as it was for one of them to put up yet more cash. More than anything else, the chaotic events of that night and day demonstrated the theatrics of default: the threat of bankruptcy and its unknown consequences could be used to make people do all kinds of things they had earlier insisted were completely out of the question.

Yet even if the near-default was half performance, it made clear how chaotic the reality would be: how bankruptcy would slow the financial markets, gum up the ability of other cities and states to borrow and affect the international strength of the dollar.

In the event, the bankruptcy petition was put away, as was Mayor Beame's draft press release. Never made public, they were part of an alternative reality, one that had not in the end come to pass but which would hover over the city throughout the rest of the fall. That it had come so close to happening brought bankruptcy from the realm of speculation into the realm of the entirely plausible, and there it would stay. $

Kim Phillips-Fein is the author of Fear City: New York's Fiscal Crisis and the Rise of Austerity Politics *and* Invisible Hands: The Businessmen›s Crusade Against the New Deal. *She teaches history at New York University's Gallatin School of Individualized Study, and she has written for* The Nation, Dissent, The Baffler, The Atlantic *and* The New York Times, *among other publications.*

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Go to Durham, You Need the Inspiration

How Black Wall Street Flourished in a Piedmont Railroad and Tobacco Town

By Gregory DL Morris

In 2019 the city of Durham, North Carolina, celebrates its sesquicentennial. Beyond the celluloid fame of the Bull City's baseball team is an even more inspiring story of how this town nurtured a thriving and enduring black business community.

"Durham was originally a railroad depot and warehouses that prospered on tobacco," said Angela Lee, executive director of the Hayti Heritage Center. "Tobacco meant plantations and slaves. After the Civil War there remained a large population of former slaves who had to decide their own future. They were freed, but still legally segregated; they literally had to stay on their side of the tracks."

The Hayti ("HAY-tie") community started to coalesce about the turn of the century as formerly enslaved peoples settled in and began building. "Durham started out with numbers," Lee explained. "There were people from the area, and others who came here from other parts of the South."

From the earliest days of settlement through colonial times, North Carolina was something of a neutral ground between the population and trading centers of Tidewater Virginia and Maryland around the Chesapeake Bay, and Charleston, to the south. North Carolina lacks major navigable rivers; its marshy coastline as well as fearsome tides and weather around Cape Hatteras kept settlements small and scattered.

One important factor in the concentration of people and talent in and around central North Carolina was that it suffered relatively little damage from the war that devastated wide swaths of Virginia and South Carolina on either side. Indeed its major war historical site is the Bennett Place, just outside Durham, where the last and largest surrender of Confederate troops took place.

In a farmhouse between Union General William T. Sherman's headquarters in Raleigh and Confederate General Joseph E. Johnston's headquarters in Greensboro, those the two commanders met in the days after the more famous surrender at Appomattox Courthouse, Virginia. On April 26, 1865, Sherman and Johnston signed surrender papers for Southern armies in the Carolinas, Georgia and Florida. It was the largest troop surrender of the American Civil War.

"Atlanta and Charleston burned," said Lee at the heritage center. "Durham did not burn." Instead, Durham got to work, both black and white. Perhaps the best-known Black Wall Street success story is the North Carolina Mutual Life Insurance Company, established in 1898 by African-American business leaders who recognized the need for an insurance association to serve black consumers.

> "Go to Durham….
> You need the inspiration.
> Go to Durham and see
> Negro businesses with
> aggregate capital of
> millions. Go to Durham and
> see 22 Negro men making
> modern history. Among
> your New Year's resolves,
> resolve to go to Durham!"
>
> —1928 editorial in
> *The St. Luke Herald* (Richmond, Virginia), a black weekly

It is important to note that these were already established professionals with the wherewithal to form a well-capitalized firm, and also with sufficient respect within the white local and state power structure to be left unobstructed. There were also black consumers, not just customers, but professionals, homeowners and artisans.

According to its official company history, "North Carolina Mutual Life Insurance Company was born out of a heart-felt desire and determination to serve the underserved. In 1898, African Americans were fewer than three decades from slavery. Established insurance companies had little or no interest in marketing to the black community. Just meeting end-of-life expenses and being able to bury a loved one with dignity—something that can be achieved through life insurance—were beyond the means of a great portion of African Americans."

The use of the word "mutual" in the name was deliberate, the company explained. "When our founders decided to create an insurance company for the African-American market, they each had to contribute from their own resources, making it a mutual undertaking. Similarly, each policyholder gained a small stake in the company, with the health of their policy dependent on NC Mutual's progress. The success of this mutual enterprise was a tremendous source of pride for African Americans in Durham and across the country in those early days of freedom." While the business model has changed over the years, NC Mutual continues to provide access to life, health, disability and annuity insurance for a diverse community in the area and around the state.

Its seven organizers were men who were active in business, educational, medical and civic life of the Durham community, and the firm has been a catalyst for minority, social and economic development. Racial self-help and uplift are traditions of the company dating back to its founding. The phrase "merciful to all" was the company's first motto.

John Merrick, an entrepreneurial barber with substantial real-estate holdings, and Dr. Aaron Moore, Durham's first African American physician, were two of the most active founders, according to the company history. When financial troubles forced five of the seven founders to leave the venture, Moore, Merrick and Moore's nephew, C.C. Spaulding—who later served as the company's longtime president—reorganized the firm. The three became known as the Triumvirate.

"In the time of Jim Crow, significant efforts were made—through a legal and informal means—to relegate African Americans to second-class citizenship," said Ben Speller, a senior research fellow at North Carolina Central University in Durham. "There were businesses that blacks could not patronize, and these men decided to fill in the gaps. If white-owned insurance agencies and banks could not or would not serve blacks, people like Merrick, Moore and Spaulding would provide those services."

To that end, NC Mutual formulated its concept of the "double-duty" dollar. Modeled after popular mutual benefit societies, the premise was that income from insurance sales could be channeled back into the community. Throughout its history, the company has had programs to build strong families and communities through

Employees of the North Carolina Mutual Life Insurance Company, which was established in Durham, NC, in 1898 and was one of Black Wall Street's most successful businesses.

In the 1970s when the St. Joseph's AME Church congregation moved to a new building, the original structure became the catalyst for the formation of the St. Joseph's Historic Foundation (SJHF), which has a mission to preserve and advance the heritage and culture of historic Hayti. The church complex, renamed the Hayti Heritage Center, is listed on the register of national historic landmarks.

jobs, investments, loans, contributions and support of social programs.

The company followed its own advice in 1906, moving its headquarters to a two-story brick building on Parrish Street in the heart of downtown Durham. That formed the foundation of what became known as Black Wall Street. In time, the firm acquired other buildings on Parrish Street and rented them to other black-owned businesses. Those included a drugstore, a tailor, barber and beauty shops, clothing stores, law offices and the Mechanics and Farmers Bank, which was charted in 1907 and offered many black citizens funding for start-up businesses and new homes.

The prosperity and growth of Parrish Street was the hard work of its entrepreneurs, managers, workers and customers. It also must be noted that the white business and political powers in Durham were supportive, or at least tolerant.

A 1908 issue of Durham's white newspaper, *The Morning Herald*, described Parrish Street as a "beautiful business block" managed by "these thrifty people…who have not only an eye for business but one for beauty… Not a street in this town would object to having an outside or an interior as attractive as these stores that form Parrish Street." The citation is noted in *Black Business in the New South*, by Walter B. Weare.

Acceptance by Durham's white residents led to national attention for Parrish Street, particularly as African-American leaders like Booker T. Washington and W.E.B. DuBois visited Durham during the business district's heyday. Washington and DuBois praised the black entrepreneurial success and the white acceptance of these activities, which was exemplified by the fact that several white-owned businesses operated on the eastern end of the street.

DuBois's and Washington's comments were especially significant because many viewed Parrish Street as a compromise between their conflicting opinions of how best to deal with the Jim Crow laws. Washington was willing to accept discrimination and focus on gaining respect through hard work and economic prosperity. DuBois advocated educating an elite corps of black Americans to facilitate political and economic prosperity.

Beyond bricks and mortar, the effects of Parrish Street were far reaching in Durham's communities. Executives from NC Mutual, in particular, were instrumental in the growth and development of local African American institutions, including White Rock Baptist Church, Lincoln Hospital, North Carolina Central University and the Durham Colored Library (now known as the Stanford L. Warren Library).

"People came to Durham to learn how to do it," adds local historian Kelly Bryant, who worked for NC Mutual from 1944 to 1981. "As a college student, I had a business class that came to Durham just to talk about it and visit the businesses here."

"Parrish Street was the financial district," Bryant explains. "The people there had the ideas and could provide the financial help that was necessary to build the black community. It was the center of activity that helped in the development of the Hayti, the primary black residential area, by providing financial support and community leadership."

In 1921, NC Mutual marked its success by expanding the corporate headquarters to a prominent six-story tower that, at the time, was the second tallest building in Durham. That was on purpose. Company officials designed the structure not to exceed the height of the tallest, and white-owned, building.

Today NC Mutual asserts primacy as "the only insurance company domiciled in North Carolina with a charter dated before 1900. With more than $2.4 billion dollars of insurance in force and surplus exceeding $9 million, NC Mutual is the oldest and largest African American life insurance company in the United States."

The building is still a landmark for the city, but according to a May 5, 2017 article in the *Durham Herald-Sun*, successor to the

"Black Wall Street" historical marker in Durham, NC.

Morning Herald, "The NC Mutual building is getting a dramatic makeover, one that will see its landmark name stripped from the top of the building. The 12-story, 1960s-era office tower has been renamed Legacy Tower by a development group led by Michael Lemanski, who plans to update the building to attract new tenants.

"Earlier this year, NC Mutual announced it would shrink its footprint there from six floors to one, opening up 60,000 square feet of office space there. Lemanski bought the building in 2006 for $10.5 million. The renovations come as the 118-year-old NC Mutual reduces its presence in Durham. The naming rights of the building are also available for purchase, so potentially a new company name will adorn the top of the building."

The heyday of Black Wall Street was in the 1930s and '40s, said Lee at the heritage center. "There was a real surge in black-owned companies. That continued through the Civil Rights Era. There was violence during that period, but not as much as in other cities. That tolerance has always been a part of the Durham DNA."

Part of it, she suggested, was the small number of wealthy white families that dominated local business and politics, notably the Dukes. In particular, Lee noted, Washington Duke (1820-1905) "had an affinity for the Hayti community," when it was just coming into its own.

"Uncle Wash" Duke cut the figure of a classic southern gentleman, but he was atypical in every way, according to the *Dictionary of North Carolina Biography,* edited by William S. Powell. Duke opposed secession, but he was drafted late in the war. He was captured near Richmond, Virginia, in the last month of the war, paroled and walked the 130 miles home. He joined the Republican Party in 1868, and invested in manufacturing rather than agriculture. An early industrialist and philanthropist, he had friends in the black community and gave prominently to Hayti causes and institutions.

Lee stresses an important balance in the business and cultural growth and prosperity. Acceptance by the white power structure at the time was necessary, but not sufficient. "Hayti community development had businesses established in every facet of life," she stated. "There was critical mass for a self-sustaining community. The white power structure supported, even patronized the black businesses. Not everyone, of course, but a surprising number."

Notably there was a thriving entertainment community that attracted both white and black audiences, very similar to what was happening in Harlem in New York about the same time.

There were stores, funeral homes, clothing and shoe makers, as well as a Speight's Auto Service Center, which still exists today. According to *Durham's Hayti,* by Andre D. Vann and Beverly Washington Jones, "Theodore Roosevelt Speight came to Durham in 1932 with only 83 cents and took a job at a service station."

Just six years later he opened his own station, which thrived for more than two decades. It was forced to close in 1966 because of what was then called "urban renewal," in this case the building of the Durham Freeway. Speight's reopened at a new location a few blocks away and is today the only surviving auto shop from they heyday of Hayti. Another survivor is Scarborough's Funeral Home, now in its third generation of family ownership.

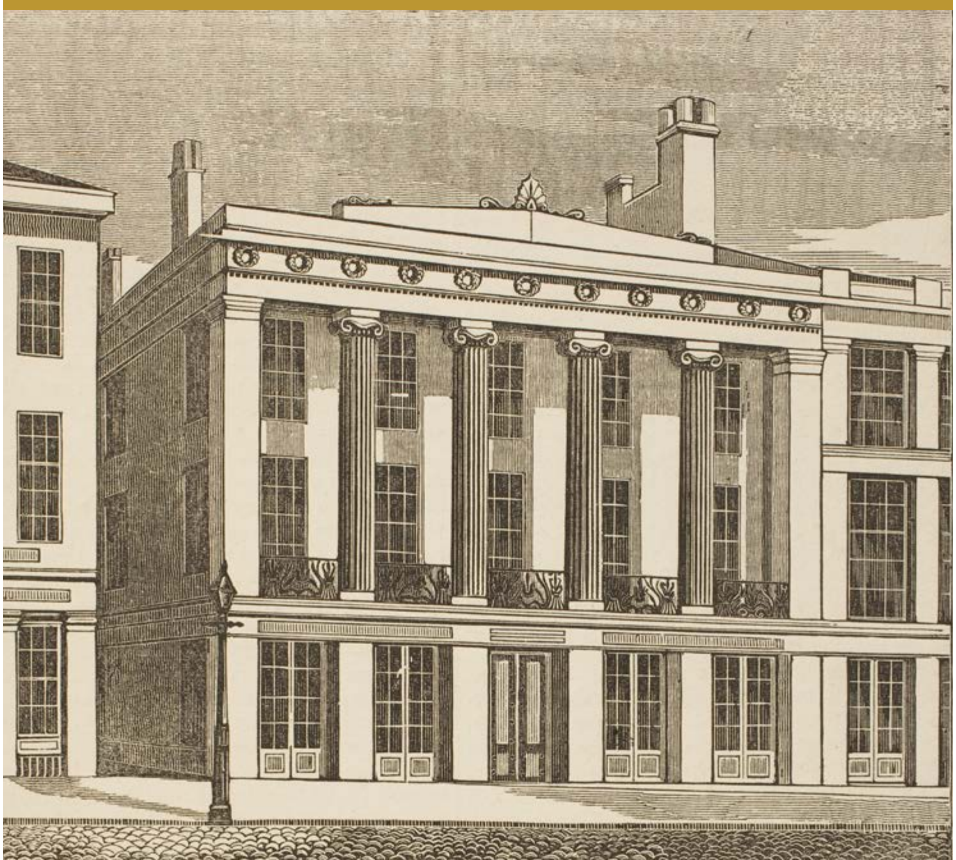
Along with NC Mutual, the other pillar of Black Wall Street is Mechanics and Farmers Bank (M&F Bank). It is a state-chartered commercial bank, first organized in 1907. The original incorporators were a group of nine prominent businessmen, headed by R.B. Fitzgerald. John Merrick and Aaron Moore, principals in the founding of NC Mutual, were also among the founders of the M&F.

According to the bank's official history, "The founders and original customers represented various trades, crafts and professions in which the African American community had achieved success and prominence, so 'mechanics' likely was derived from the legal term 'mechanics lien' that grouped such occupations together. Additionally, most of North Carolina's wealth at the turn of the 20th century was based on the ownership of real property, especially farmland, hence the term 'farmers.' [Thus] the bank is dedicated to serving all facets of the community."

Like NC Mutual, Speight's and Scarborough's, M&F carries on today. Another Hayti original is the 1891 church that is now part of the Hayti Heritage Center. And while there is a prominent historical marker near Parrish Street in downtown Durham, it is the heritage center and the operating businesses that show Black Wall Street lives on. $

Gregory DL Morris is an independent business journalist, principal of Enterprise & Industry Historic Research (www.enterpriseandindustry.com) and an active member of the Museum's editorial board.

The Suffolk System



Courtesy of Historic New England

View of Suffolk Bank, State Street, Boston, circa 1850.

Creating Stability in the New England Economy

By Ramon Vasconcellos

Commenting in his diary on the devastating impact the Panic of 1837 had imposed upon New York and the regional economy, former mayor Philip Hone lamented how "…immense fortunes which we have heard so much about in the days of speculation, have melted like the snows before an April sun." He continued, "No man can calculate to escape ruin but he who owes no money; happy is he who has a little and is free from debt."

Hone's grievances were well founded. That May, many New York City banks had suspended paying gold and silver to depositors holding paper money—a practice already implemented by eastern banks. By fall of 1837, federal revenues had plummeted by 50%, and almost 90% of the nation's factories had closed. What's more, the defunct Second Bank of the United States no longer functioned as a "lender of last resort," meaning it could not disburse funds to banks in need of cash. Local and regional banking institutions would have to serve as financial cornerstones in the hope of stabilizing their economies.

A regional financial institution that did function as a lender of last resort during the crisis and grew to monopolize New England's banking activities, however, was the Suffolk Bank of Boston, MA. Suffolk's operations within the region stabilized New England's banking community in that it engaged in "note clearance"—the redemption of bank notes in exchange for gold and silver coins. This practice expanded New England's money supply; Suffolk also lent to distressed banks throughout the region. At the time, most of the nation was undergoing a contraction in the amount of funds available for lending. New England was the exception, due to Suffolk.

Banks operating in the decades following the American Revolution consisted mainly of independent "unit" banks that

issued notes used for currency. Merchants, the general public and other banks commonly accepted these notes as payment for goods and private debts. They would later present them to the bank having issued the note in exchange for "specie."

After the War of 1812, financially sound banks in Boston competed with rural institutions in the circulation of bank notes. However, many banks outside of Boston proved fiscally unsound, often lacking adequate specie reserves in support of their notes. Sometimes the excess currency in circulation resulted in inflation, an accidental but unfortunate occurrence. In the hope of strengthening the position of banks in the area and reducing the likelihood of economic instability in New England, the Suffolk Bank implemented practices uncommon to most other banks. For instance, it required deposits of non-interest paying certificates and subjected banks holding specie to unannounced, on the spot redemption calls. Suffolk also, given its monopoly status, stifled the growth of competitors in the New England area.

The bank's position as a pillar of stability within the New England economy stemmed from its creation of the "Suffolk System." The "system," developed in 1825, functioned as a consortium of Massachusetts banks, led by Suffolk, which cleared bank notes for the purpose of settling payments owed to banks who had advanced gold and silver to their clients. Until then, bank notes issued by depository institutions outside of Boston ("country banks") were often so numerous that they sometimes posed a great deal of risk to city banks when presented for clearance. The larger the number of notes in circulation, the less purchasing power they afforded—leaving the clearing agent holding bank paper of diminished value. Further, these notes were often "discounted" in that they were only accepted by clearing agents below face value. Discounting protected the clearing agents because, sometimes, country banks would not pay clearing agents the full (face) value of the notes.

Recognizing the risks associated with redemption borne primarily by Boston's banks, Suffolk addressed a letter to the managers of the city's banks in 1824. The memo cautioned that "…bills thus removed from circulation are replaced by a worse description of paper." Furthermore, if banks continued clearing out of town notes, they "must be attended with some risk."

By 1825, most of these banks understood their individual risk exposure and decided to join together under the "Suffolk System." The agreement stipulated that rural banks would have to redeem all notes at par value, with the Suffolk Bank and its members reserving the right to discount based on risk of non-payment. A rural institution could, however, forfeit a redemption call if it held $2,000 on deposit at the Suffolk Bank.

As support of Suffolk's policies became known, rural banks joined the system; over time, the bank functioned as the collection agent for banks spanning from New York to Maine. Many of these institutions became "correspondent members," as their clearing services were provided under Suffolk. In addition, those banks keeping *all* of their deposits with Suffolk had the prerequisite balance requirement for specie redemption waived. From its inception in 1825, until it eventually succumbed to competition in note clearing by 1858, the Suffolk System asserted a monopoly in the clearing of notes and, to some degree, accumulation of deposits within the region.

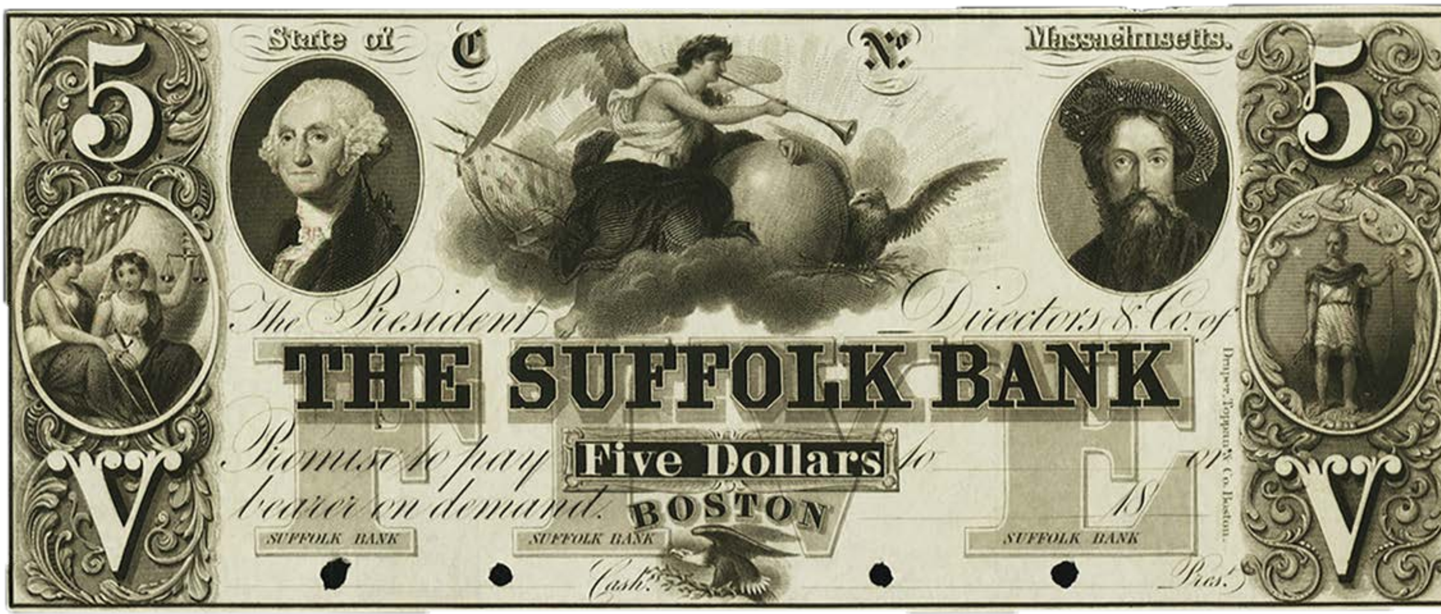
In practice, the bank functioned very much like a monopoly. The price or fee charged to rural banks included network services for correspondents. This encompassed 2.5–3% of their paid-in-capital (funds in excess of a bank investors' contribution). Similar to a monopoly, this rate more than offset the cost of Suffolk's note clearance expenditures while substantially covering its marginal cost of operation—the additional cost incurred for clearing each note. Furthermore, those banks with less than $100,000 in capital deposits were required to maintain a $2,000 reserve and keep a redemption account with Suffolk.

How might Suffolk have justified such charges? Possibly the allowance for price discrimination, or charging different users various prices (a practice commonly utilized by monopolies), could explain the scheme. Boston's banks collectively had a total capital position estimated at $18,180,000 in October of 1846, 58% of all Massachusetts's bank capital at the time. Accordingly, their asset position might have rationalized why Suffolk charged higher fees to less adequately capitalized banks. The demand for Suffolk's clearing services—given banks had no other substitute clearing agent—may have also been a factor.

Banks declining to join the system faced threats and intimidation. The Worcester Bank of Massachusetts refused to join Suffolk and kept its deposits with the New England Bank of Boston. Using its monopoly power, Suffolk accumulated over $38,000 in the bank's notes—half of its circulation—and demanded specie redemption. Although the bank agreed to Suffolk's demands, it did not act promptly enough to placate the Suffolk Bank. Successfully, Suffolk's agent had Worcester's property attached. Other critics opined that Boston gained an unfair trade advantage over the region due to the draw of bank notes and specie. Still, proponents of Suffolk emphasized that the flow of notes to Boston was the effect of the city's growth, not the cause of it.

By the early 1830s the waning influence of the Second Bank of the United States, as an alternative to Suffolk in note redemption (somewhat self-inflicted by the political jousting match engaged in between its director and then President Andrew Jackson), increased the volume of redemptions handled by the bank. Correspondent banks, too, began to apply for more credit; Suffolk started limiting overdrafts to $10,000, a conservative level for the time.

By 1833, overdrawn accounts greater than or equal to $16,000 required payment in specie by Monday, if not received by Saturday. "On the spot" redemptions where Suffolk agents would demand immediate payment in specie also became common. Describing the hegemony of Suffolk over its members, *The Bankers' Magazine and State Financial Register* commented in August 1846: "A bank there



Courtesy of Heritage Auctions, HA.com

$5 proof note from The Suffolk Bank of Boston.

[New England] is known to be insolvent, not by the refusal at its own counter to redeem its paper, but by the refusal of the Suffolk Bank to receive it on deposit."

Just functioning as New England's major clearing house operation added to Suffolk's monopoly position. Collecting funds on which a check is drawn at a single location is the basic function of a clearing house; Suffolk became the principal clearing agent from the 1830s until 1858. Competition existed in the mid-Atlantic cities of New York and Philadelphia, but Suffolk had zero competitors in New England.

Furthermore, the power of the Suffolk System in attracting banks to its organization resulted in New England becoming a single currency region by 1850. As members of the System, banks held deposits with Suffolk necessary for specie redemption. This practice inherently led to Suffolk's notes becoming the general medium of exchange (money) in the area. The "universal par circulation" in currency (according to one banking historian) whereby few notes were discounted, had the unforeseen effect of making all notes direct substitutes for one another. Although perhaps an unintended consequence, this was brought about by the lack of competition in clearinghouse operations.

Nevertheless, discounts for New England's banks averaged 1.037% in 1831, down from a 2% average in 1828; by 1841, discounts amounted to less than one-half of 1%.[1] Still many of Suffolk's correspondents protested the fees associated with clearing, primarily the 2.5–3% membership charge based on their amount of paid-in capital (stock received in exchange for funds invested in banks). City banks (in Boston) paid only one-third of 1%, consequently burdening country bankers with a disproportionate amount of transaction and association costs required for Suffolk membership.

The procedural routine of a clearing house adhered to a strict, daily regimen in settling accounts. Each day, "specie" and "settling" clerks from various banks met each other at the clearing house. The specie clerk approached a desk manned by a settling clerk; the former would hand over a packet of money ("notes") drawn on the settling clerk's bank. The settler would then copy the amounts received in the packets onto a statement labeling the entries "Banks Credited." The specie clerk would repeat back the amounts to the settler before exiting the facility. Midday, debtor banks sent in their balances with specie clerks taking possession of funds owed; representatives concluded all settlements by day's end.

While this system may seem a bit archaic in today's era of electronic banking, direct deposits and ATMs, it was simplistic enough to attract a major competitor for Suffolk. In 1858, Boston's Bank of Mutual Redemption entered the arena as a clearing house operation, ultimately challenging Suffolk's monopoly privilege in the region. Suffolk finally had a competitor.

Acquiring the support of country banks in 1855, the Bank of Mutual Redemption (BMR) received its charter and began competing with Suffolk three years later. The Massachusetts legislature had incorporated BMR specifically for note redemption. Many stockholders in BMR (usually country bankers), viewed this as an "instrument of state policy…" Consequently, Suffolk's dominion in note clearance waned. Its reluctance to accept notes

Courtesy of Heritage Auctions, HA.com

$10 bank note from The Suffolk Bank, 1824.

from those banks outside the "System" further aggravated bankers, unsurprisingly driving them into BMR's camp. Banks also started delaying payment of specie claims due Suffolk; even the Massachusetts Bank Commission rebuked Suffolk to accept all bank notes or cease note clearing operations.

Examining the Suffolk System's regulatory practices brings awareness to the operations and austerity measures applied by early American banking institutions, especially those engaged in monopoly-like activities. Requiring deposits from correspondents as a means of guaranteeing specie redemption only solidified public confidence in bank notes; obligating strict compliance (or exclusion) stymied competition in clearinghouse services. Undoubtedly, recognizing how such early parameters associated with the issuance and control of money and limits on competition were applied, helps us understand the evolution of banking in the United States.

Moreover, with Suffolk, we have a model for comprehending the development of clearance and payment systems. Though substantially modified, the clearance system is an instrument still utilized by our Federal Reserve. $

Ramon Vasconcellos is a history professor and lecturer in Accounting and Economics at Barstow Community College in Barstow, CA. He has published numerous biographical and topical articles on the history of the West, particularly related to finance. Ramon has also taught economics and history at the University of London.

Note

1. *The Merchants Magazine and Commercial Review, July–December, 1842. Vol. VII*. Pg. 93–94. Averages for 1828, 1831, and 1842 calculated and compared by author from table listed in *Merchants Magazine*. Furthermore, lower discounts *could* account for the intra-regional nature of bank note clearing activities of Suffolk as hypothesized by Bodenhorn in *State Banking in Early America*, pg. 115.

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WHERE ARE THEY NOW?

Newburger & Co. and Newburger, Loeb & Co.

By Susie J. Pak

The history of Newburger & Co. and Newburger, Loeb & Co. exhibits some of the main characteristics of firms founded by German immigrants in the United States: they originated in the clothing trade and built a foundation on extended family networks that spanned several generations.

The firms trace their origins to Morris Newburger, who was born in Germany in 1834 and immigrated to the United States in 1854. Morris's father was a teacher and descended from a family of rabbis. In Germany, Morris worked in the dry goods business. After moving to the United States, he lived in New York, in the South and in the Midwest before settling in Philadelphia. In 1862, Morris married the former Bertha Hochstadter, and he entered a partnership with her brothers, Adolph, Albert and David, creating the firm of Newburger & Hochstadter, wholesale clothing traders. Later Morris became the president of the Mechanics National Bank in Philadelphia and founded the clothing manufacturer, Morris Newburger & Sons. He and his wife had seven children: five sons (Samuel M., Morton M., Alfred H., Frank. L. and Lester M. Newburger) and two daughters (Ida Newburger Gutman and Carrie Newburger Loeb).

Morris and Bertha's son, Samuel Meade Newburger, was born in Philadelphia in 1863. He graduated from Central High School in 1878 and joined his father's firm in 1880. His brother, Morton, also became a member of the firm but died tragically from typhoid fever in 1888 at the age of 24. Over time, the family retired from the wholesale clothing business and moved into manufacturing before devoting themselves to the securities business. Samuel and another brother, Lester Morris Newburger, a graduate of the University of Pennsylvania Wharton School of Business, founded a tobacco manufacturing company in Philadelphia called Stewart, Newburger & Co., which was renamed Newburger & Co. in 1905.

By then, Lester and Samuel's brothers, Frank and Alfred, had already entered the brokerage business. Born in Philadelphia in 1873, Frank Lieberman Newburger attended the University of Pennsylvania before joining his father's clothing manufacturing firm. His brother, Alfred, worked in the manufacturing sector before joining Frank in business. Frank and Alfred became partners in Newburger, Cahn & Co., a Philadelphia firm, and its affiliated Baltimore firm, Cahn, Newburger & Hoblitzell. In 1899, when those firms were dissolved, Frank and Alfred founded the firm of Newburger Brothers and Henderson with John J. Henderson, a Philadelphia native who was also an active Catholic layman.

As the formation of Newburger Bros. & Henderson indicates, the Newburgers built alliances with non-family members, but they did not neglect the family foundation of their business. Given the partnership structure and the nature of the securities business and its trade in information and reputation, it is not surprising that the family network remained a substantial one, particularly given the number of children in the family they could draw upon for resources. In 1907, Newburger Brothers and Henderson became Newburger, Henderson & Loeb when the brothers created a partnership with their sister Carrie's husband, Jacob F. Loeb.

The son of Marx B. Loeb, a clothing merchant, and his wife, Henrietta Frank, Jacob Frank Loeb was a Philadelphia native and a graduate of the University of Pennsylvania. Jacob was a member of his maternal family's firm, Frank Bros. & Co., clothing manufacturers, before joining with the Newburgers and Henderson in the formation of the new firm. His brother, Horace Loeb, a Swarthmore College graduate, joined the firm in 1907 after working in manufacturing for more than 20 years. (Their sister, Birdie Loeb, was married to Benedict Gimbel, a founder of the Gimbel Brothers Department store). Alfred set up the firm's New York office in 1907, and Samuel moved to New York in 1908. In 1926, Samuel's son, Morton Joel Newburger, became a partner in the family firm, representing the third generation in business.

The Newburger firm continued to introduce the next generation of family members as it went through a series of partnership changes. In 1931, Alfred and Samuel retired and Henderson left to form his own co-partnership with his son, John Sailer Henderson, though he also retired later that year from business after a long illness. Newburger, Henderson & Loeb

Robert L. Newburger (left) with Joseph L. Searles III. As a partner with Newburger, Loeb & Co., Searles became the first African American member of the New York Stock Exchange.

was renamed Newburger, Loeb & Co. and had branches in Philadelphia and New York. Among the Newburger family members, Frank, by then the president of the Philadelphia Stock Exchange, and his brother-in-law, Horace Loeb, were based in Philadelphia. Lester and his nephew, Morton J., were based in New York, along with Jacob and Daniel Loeb, Jacob and Horace's nephew. Alfred's son, Morris, a Harvard graduate, and Frank's son, Frank Jr., also joined the firm at that time.

Frank Lieberman Newburger, Jr., born in 1908, was a Cornell University graduate. His brother, Richard Langfeld Newburger, who was three years younger, graduated from the University of Virginia before joining the family firm as a broker. In 1935, they were joined by their cousin, Robert Lester Newberger, Lester's son. Robert's brother, Andrew, a Princeton graduate, also joined the family firm. As the new generation took over the helm of the firm, the older generation began to step down. The year Robert joined the firm, Frank Sr., Horace and Jacob F. Loeb, and Morton J. became special partners in the firm. (Horace died later that year, and Jacob died in 1937.) Richard was made a partner in 1937, and Robert was made a partner in 1938. He became a floor broker on the New York Stock Exchange (NYSE) in 1940.

"The New York Stock Exchange is not a cold, heartless organization. It isn't eighths and quarters or decimal points—it's people."

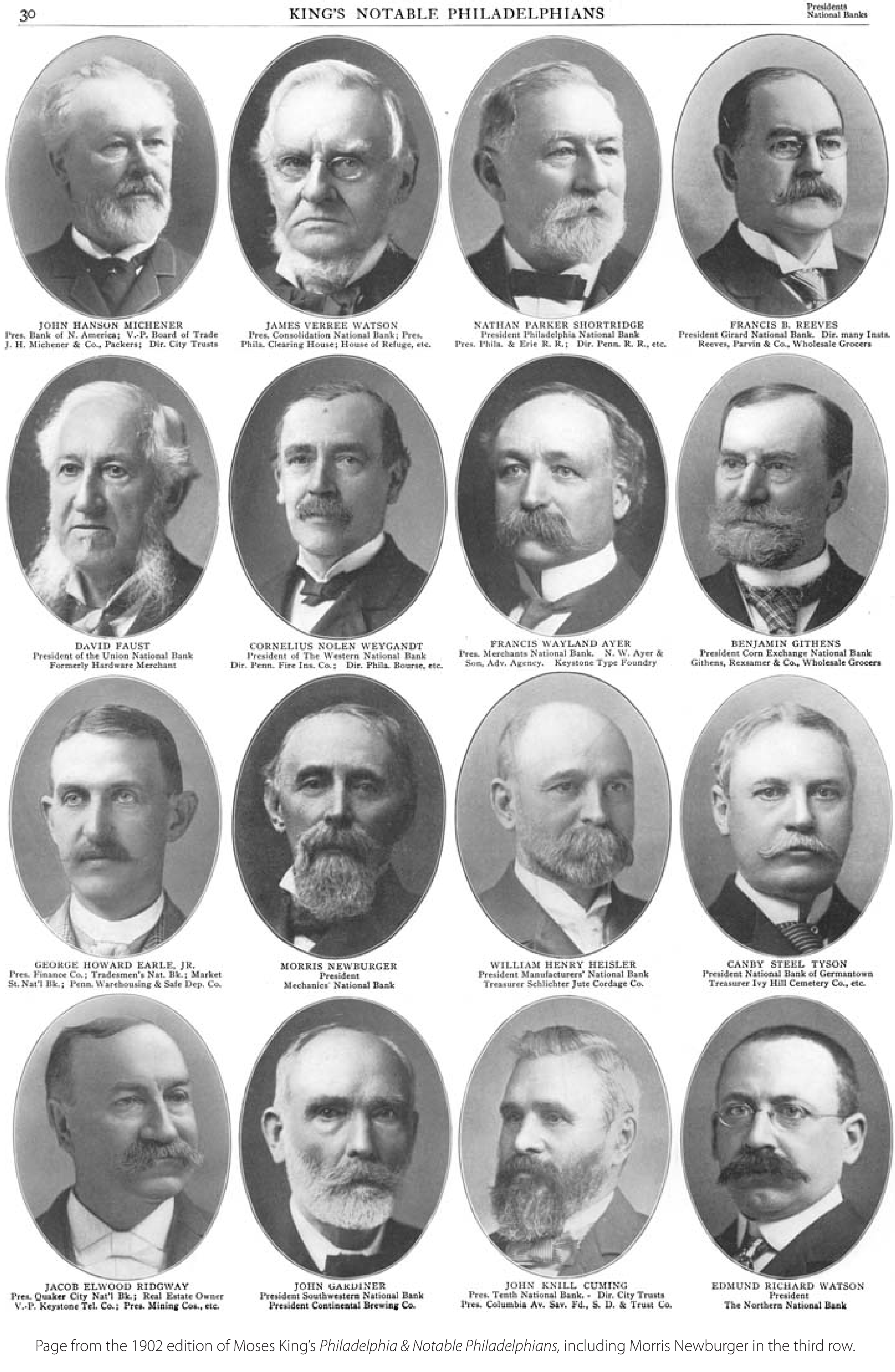
—Robert Lester Newburger

In 1939, the partners signed a new partnership agreement that extended until 1942. With the outbreak of World War II, the partnership was modified as members of the firm joined the armed forces. Frank Sr. and his sons, Frank Jr. and Richard, were based in Philadelphia, while other family members, notably Lester and his sons, Robert and Andrew, and Morris, Alfred's son, were based in New York. During this time, the Philadelphia and New York partners became conflicted over how to proceed during wartime, which led the family business to split into two separate firms.

According to the findings of fact in a tax case that emerged from this period, Frank Jr., who was based in Philadelphia, "became concerned in the spring of 1942 over the possibility that the Philadelphia business might be lost during the war if he were to follow Richard, then on active duty, into the armed forces." He wanted to combine the firm with the Philadelphia firm of Content, Hano & Co., "their principal competitor." According to the court, "This effort resulted in a division between the Philadelphia partners and the New York partners. The latter wanted the firm to continue alone, as formerly."

Frank Jr. "proposed that the firm be dissolved immediately" and that the New York and Philadelphia houses split the business. Initially, the New York partners were opposed to this suggestion, but eventually the two branches negotiated an agreement regarding the withdrawal of capital, usage of the firm's name and good will, and agreed to separate their

New York stock transfer memorandum from Newburger, Henderson & Loeb, dated January 13, 1922.


30 KING'S NOTABLE PHILADELPHIANS Presidents National Banks

JOHN HANSON MICHENER
Pres. Bank of N. America; V.-P. Board of Trade
J. H. Michener & Co., Packers; Dir. City Trusts

JAMES VERREE WATSON
Pres. Consolidation National Bank; Pres.
Phila. Clearing House; House of Refuge, etc.

NATHAN PARKER SHORTRIDGE
President Philadelphia National Bank
Pres. Phila. & Erie R. R.; Dir. Penn. R. R., etc.

FRANCIS B. REEVES
President Girard National Bank. Dir. many Insts.
Reeves, Parvin & Co., Wholesale Grocers

DAVID FAUST
President of the Union National Bank
Formerly Hardware Merchant

CORNELIUS NOLEN WEYGANDT
President of The Western National Bank
Dir. Penn. Fire Ins. Co.; Dir. Phila. Bourse, etc.

FRANCIS WAYLAND AYER
Pres. Merchants National Bank. N. W. Ayer &
Son, Adv. Agency. Keystone Type Foundry

BENJAMIN GITHENS
President Corn Exchange National Bank
Githens, Rexsamer & Co., Wholesale Grocers

GEORGE HOWARD EARLE, JR.
Pres. Finance Co.; Tradesmen's Nat. Bk.; Market
St. Nat'l Bk.; Penn. Warehousing & Safe Dep. Co.

MORRIS NEWBURGER
President
Mechanics' National Bank

WILLIAM HENRY HEISLER
President Manufacturers' National Bank
Treasurer Schlichter Jute Cordage Co.

CANBY STEEL TYSON
President National Bank of Germantown
Treasurer Ivy Hill Cemetery Co., etc.

JACOB ELWOOD RIDGWAY
Pres. Quaker City Nat'l Bk.; Real Estate Owner
V.-P. Keystone Tel. Co.; Pres. Mining Cos., etc.

JOHN GARDINER
President Southwestern National Bank
President Continental Brewing Co.

JOHN KNILL CUMING
Pres. Tenth National Bank. - Dir. City Trusts
Pres. Columbia Av. Sav. Fd., S. D. & Trust Co.

EDMUND RICHARD WATSON
President
The Northern National Bank

Page from the 1902 edition of Moses King's *Philadelphia & Notable Philadelphians,* including Morris Newburger in the third row.

Collection of the Museum of American Finance

Newburger & Company's trading room in Philadelphia, 1931.

business and territories. In 1942, the New York Newburger, Loeb & Co. partners formed a new partnership that continued under the same name. At the same time, the Philadelphia partners merged with Content, Hano & Co. to form the firm of Newburger & Hano. Content, Hano & Co. was itself the result of a merger between firms Hano & Co. and Content-Zuckerman in 1941 following the death of Henry Content, the senior partner of the firm Content-Zuckerman in 1940. The Hano firm's senior partner, Lester R. Hano, was the son of a Philadelphia merchant and a graduate of the University of Pennsylvania.

In the immediate post-war period, Newburger & Hano went through a series of personal and institutional changes including the death of Frank Sr. in 1946, two years after that of his brother, Samuel. The union with Content, Hano & Co. lasted only about five years. In December 1947, Newburger & Hano was dissolved and succeeded by Newburger & Co. In 1949, Richard L. Newburger married Elizabeth Allman Hano, the former wife of his former partner. (Lester Hano and Allman Hano had married in 1928. They divorced in 1931 and remarried again in 1932. They divorced in 1948 for a second time). During this time, Irvin L. Stone, a Philadelphia native who had been with the firm since 1923, was the senior partner of Newburger & Co. When he died unexpectedly in 1950, he was succeeded as senior partner by Frank Jr. and Richard Newburger.

In New York, Newburger, Loeb & Co. continued to be led by Newburger family members, Lester and his sons, Robert and Andrew, as well as Alfred's son, Morris. In 1960, Lester became a limited partner. He died in 1965. Soon after his death, the firm encountered a series of difficulties starting with a grand larceny of $2 million in securities in 1966. Two years later, Morris died. The following year, in 1969, the firm ran into trouble for selling unregistered stock. The Securities and Exchange Commission (SEC) suspended the firm's over-the-counter activities for 10 days and suspended Andrew for five days. The firm restructured and became a corporation in 1971, selling its seat on the NYSE. In 1973, the firm announced it was going to sell its retail sales operations and customer accounts to W.E. Hutton & Co. That deal

never went, through, and in 1974 the firm declared bankruptcy.

Before it went out of business, Newburger, Loeb & Co. made its mark on Wall Street history when it admitted Joseph Louis Searles III as a partner in 1970 and proposed him as a NYSE member, making Searles the first African American member in the history of the Exchange. (At the time, the NYSE had one African American allied member, Clarence B. Jones, who was a member of Cogan, Berlind, Weill & Levitt, Inc.) A native of Ford Hood, Texas, and the son of a "career Army man," Searles was a 1963 graduate of Kansas State University, where he was a football star. He played for the New York Giants and then went to work as an aide for New York Mayor John Lindsay in 1967 before resigning to join the Newburger firm at the age of 30.

According to *The New York Times*, Robert Newburger said that "his firm wasn't attempting to make a racial breakthrough on the 178-year-old exchange. 'This is strictly an economic thing,' he declared, praising Searles for intelligence and sincerity." Searles told the press "he was proud of the opportunity to 'penetrate a bastion of the white financial structure.'"

At the time, Searles also said, "I don't believe I'll become a token black. I think there will be more black members at the exchange. Hopefully, my presence will increase the credibility of the financial community, as far as blacks are concerned."

In 2014, Searles told the *Wall Street Journal*, "I didn't try make myself unique; I just wanted to be a friend and another fellow broker that the other brokers would respect and want to do business with." When Searles first joined, however, he said that the Exchange confronted a particular problem having to do with "the second most important place in the Stock Exchange…the luncheon club." The Exchange gave Searles his own table because they did not know how to seat him. Searles remembered that this meant he was served more quickly, allowing him to get back on the floor, which later made his table more attractive to other brokers.

Searles was only a member of the NYSE for about nine months, however, before he resigned after Newburger Loeb & Co. ran into trouble and later sold his seat. He then went into business for himself. According to *The New York Times*, "Searles said that at times he detected some 'built in prejudices against blacks, since 90% of the members have no social contacts with blacks.' But the big dividing line, he came to feel, was not skin color but money." Searles went on to work with Manufacturers Hanover Trust Co.

The Philadelphia house of Newburger & Co. also ran into problems of its own in the early 1970s. In February 1970, Newburger & Co. was suspended after the SEC charged the firm with "engaging in allegedly illegal types of reciprocal arrangements with Porteous & Co.… a brokerage affiliate of the Provident Fund for Income, Inc." Several partners including Frank Jr. and Richard Newburger were suspended. The outcome of these difficulties was not bankruptcy, however, but a merger. Later that month, Newburger & Co. announced that it was consolidating with the Advest Company of Hartford. (Advest was founded in 1967 when the firms of Doolittle & Co. and Putnam, Coffin & Co. merged. Putnam, Coffin & Co. was the descendant of a merger between Putnam & Co., a Hartford firm, with the Boston firm of Coffin & Burr in 1964. According to *The New York Times*, the merger was unusual in that the firms picked another name to act as the survivor firm rather than picking one of the merging firm's names, as was tradition in securities mergers).

With the Advest merger, the name of Newburger & Co. was lost to history, but the individual members of the firm continued in business. Frank Newburger Jr. joined Advest Group Inc. as managing partner of a Newburger & Co. division. He became senior vice president of the division in 1977 and remained until 1984; he died in 1998. Richard Newburger became a senior vice president of Advest Inc.; he died in 1979. Allen Weintraub, Richard's son-in-law, who had been a member of Newburger & Co. since 1955, went on to become the chairman, president and chief executive officer of The Advest Group, Inc. (Weintraub married Linda Hano, the daughter of Mrs. Richard Newburger and Lester Hano, in 1958). Nicholas G. Hano, Linda's brother, who was a member of Newburger & Co., also joined Advest & Co.

Despite the passing of their firms, the generations of Newburger bankers who were active in the original firms continued to work on Wall Street. When Newburger, Loeb & Co. closed, Robert Newburger joined the Wheeling, West Virginia firm of Hazlett, Burt & Watson as a broker. He continued to work on the NYSE floor until 1995, when he retired from trading and joined the Alliance of Floor Brokers.

In 2009, Newburger told *The New York Times* that the demise of his family firm showed him, "All you really have [is] the ability to be able to cope with whatever is presented to you." He was thankful for the support of his friends, including those who had been his competitors on the Exchange. He said, "The New York Stock Exchange is not a cold, heartless organization. It isn't eighths and quarters or decimal points—it's people. There are so many people that I love, and that I dare say love me." In 2013, when he turned 100 years old, he rang the NYSE closing bell. He died two years later at the age of 102. $

Susie J. Pak is an Associate Professor in the Department of History at St. John's University (New York). A graduate of Dartmouth College and Cornell University, she is the author of Gentlemen Bankers: The World of J.P. Morgan *(Harvard University Press), a Trustee of the Business History Conference, co-chair of the Columbia University Economic History Seminar and a member of the editorial advisory board of the* Business History Review. *She is also a member of the* Financial History *editorial board.*

About Where Are They Now? The "Where Are They Now?" Series traces the origins and histories of 207 of the underwriters of the 1956 Ford Motor Company IPO. The research for this series has been generously funded by Charles Royce of The Royce Funds.

TRIVIA QUIZ

HOW MUCH DO YOU KNOW ABOUT FINANCIAL HISTORY?

1. Who was the first black floor member of the New York Stock Exchange, and what company did he work for?

2. Who founded the Vanguard Group of Investment Companies in 1974 and is considered the "father of the index fund"?

3. Who became the first female Chair of the Federal Reserve System in 2014?

4. What two American economists were awarded the Nobel Prize in Economics in 2018?

5. What two materials are used in making the "paper" for US currency?

6. In what year was Alexander Hamilton appointed the first US Secretary of the Treasury?

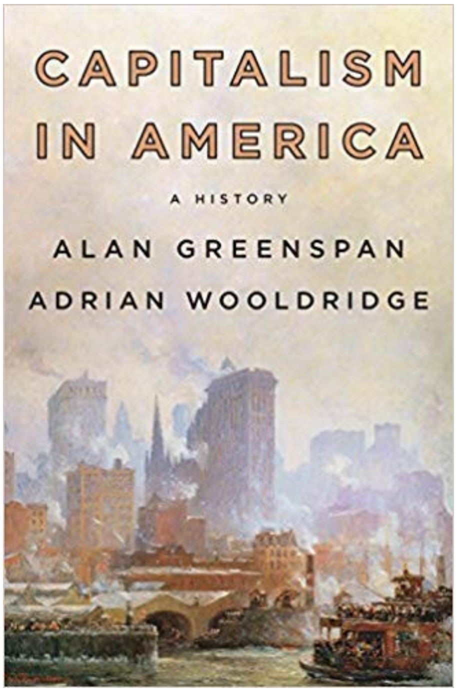
7. What was paper currency issued in denominations of less than one dollar called?

8. What have all Treasurers of the United States had in common since 1949?

9. What is currently the world's largest money-management firm?

10. What bank was founded on Black Wall Street in Durham, NC, in 1907?

1. Joseph L. Searles III of Newburger, Loeb & Co. **2.** John C. Bogle **3.** Janet L. Yellen **4.** William Nordhaus (Yale) and Paul Romer (NYU) **5.** Cotton and linen **6.** 1789 **7.** Fractional currency (or postage currency) **8.** They have all been women **9.** BlackRock **10.** Mechanics and Farmers Bank



Capitalism in America: A History

By Alan Greenspan and
Adrian Wooldridge
Penguin Press, 2018
486 pages with notes,
bibliography and index
$35.00

> **"The inherent vice of Capitalism is the unequal sharing of blessings. The inherent virtue of Socialism is the equal sharing of miseries."**
>
> —Winston Churchill

If you are interested at all in financial history, you are probably doing a lot of head shaking these days. Just 30 years ago, democratic capitalism had triumphed. The USSR was exposed as a rusting old garbage scow. China had awakened to the virtues of wealth. In the United States, a new Wild West opened—cyberspace—and with it the promise of untold riches.

In 2019, Karl Marx wouldn't be uncomfortable with talk of class division in the United States: wealthy rentiers sitting on top as the rest of society faces diminished opportunities and mounting debt. Socialists are in Congress, calling for universal health care and free college. A wealth tax and 70% marginal income tax rates are part of the presidential discussion. Globalization is out; trade conflict is in.

Witness to all of this is Alan Greenspan, whose early training as a jazz saxophonist was apparently a perfect stepping stone to economics and ultimately to the Fed Chairmanship. Greenspan is either a hero for setting monetary policy during the powerful economic expansion of the 1990s, or a goat for doing nothing about reckless credit expansion prior to the 2007 crisis. At 92, he has seen a lot, and together with *Economist* editor Adrian Wooldridge, he has written *Capitalism in America: A History*, charting the back and forth of US business and commerce over the past 230+ years.

For the authors, any discussion of American capitalism centers around three recurring themes. First, the race for greater productivity, roughly described as getting more and more output from the same amount of input. Second, creative destruction, the oxymoronic-sounding process whereby new technologies are given leeway to upend existing products or enterprises. And finally, politics, which acts as kind of a backbeat to business activity, sometimes spurring it on, other times adjusting its speed and effect.

The early republic was a place of great promise, but low growth. Thomas Jefferson and Alexander Hamilton set out very different visions of how they saw the United States developing economically. Yeoman farmers free from baleful banks in Jefferson's mind; eager entrepreneurs using finance to expand manufacturing in Hamilton's thinking. Luckily, Jefferson knew a good deal when he saw it, and he embraced debt to finance the doubling of the United States through the Louisiana Purchase. Politics, in this case, provided new areas for expansion. Moving toward the mid-point of the century, productivity gained traction as larger enterprises and wage workers replaced cottage industries. Creative destruction worked through, too, as transportation (sail to steam, canals to railroads) and communication (mail to telegraph) were revolutionized.

The authors paint a tragic picture of the American South at this time. The immorality of slavery is clear, they write, but from an economic viewpoint the "peculiar institution" acted to prevent economic progress as investment in land and slaves crowded out investment in innovation, transportation and manufacturing. The plantation culture of the South would be wrecked in a civil war—creative destruction at its most savage.

Capitalism unbound characterizes the period from 1865 to 1914. Here we get more personalities: Carnegie, Edison, Rockefeller. Giant companies—dwarfing the size and scope of the federal government—grew into complex organizations with career managers. Innovation just didn't happen by inspired tinkerers. Instead, information was widely disseminated through trade shows, professional organizations and specialist publications. Regulation was light, if it existed at all.

The authors select William Jennings Bryan to highlight how attitudes toward capitalism started to change toward the end of the 1800s. The farmer and laborer were being squeezed by monied interests, Bryan trumpeted, "crucified upon a Cross of Gold." From then on, laissez-faire wealth creation would have to be tamed—countered by progressivism, labor organization and regulation. The relationship between government and individuals would be

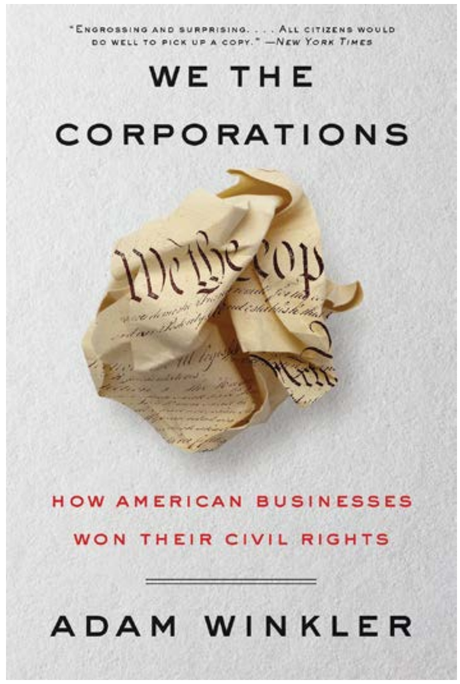
forever altered, through the growth of the consumer economy in the 1920s, the Great Depression, FDR and World War II.

The post-war economy was a paradise for most in America, with rising wealth and predictable tax and regulatory frameworks. Managerial science became a permanent feature of American corporations. But, argue the authors, there was a bit of laziness with companies discounting the growth of foreign competition, and scrimping on new processes for quality and manufacturing excellence. The '70s was a reckoning of sorts, with rising inflation and little growth. Reaganism was the antidote, lowering taxes and reducing regulation.

Ultimately, we arrive at the Great Recession, and there is a good explanation of how the interlocking pieces of the financial system melted down. What responsibility does Mr. Greenspan bear for the crisis? It is unclear, according to him (pp. 384–5), that a change of policy at the Fed would have slowed the asset bubble. Since we are still arguing about the Great Depression, I guess this debate won't end anytime soon.

The book concludes with an admonition: we are at risk of losing our capitalistic dynamism, the authors warn. To keep it requires action: slowing entitlement growth, reducing heavy handed regulation and encouraging the return of more sturdy, less "sugar-candy" personal character traits. This is a thoughtful and entertaining book, and it provides a needed reminder that American capitalism, for all its faults, has created more wealth for more people than any other approach. "Socialist paradises" haven't worked out that well. $

James P. Prout is a lawyer with 30+ years of capital market experience. He is now a consultant to some of the world's biggest corporations. He can be reached at jpprout@gmail.com.



We the Corporations: How American Businesses Won Their Civil Rights

By Adam Winkler
Liveright, 2018
496 pages
$28.95

Adam Winkler's history of American businesses' quest for their civil rights is not just about the emotionally charged term of "corporate personhood", but about American corporations' long-term pursuit of many constitutionally guaranteed protections. The Supreme Court was first asked to deal with the notion of corporate rights in 1809; it was not pressed to adjudicate the civil rights of African Americans and women until 1857 and 1879, respectively.

Over the last two centuries, those groups and other minorities not thought to be included among "We the People" in 1787 have benefitted from court decisions, legislative changes and popular social movements while seeking their fair share of rights. In contrast, corporations have relied solely on arguments before the Supreme Court to assert a limited but powerful assortment of protections. Readers will be familiar with some late 20th and early 21st century Supreme Court decisions that expanded corporations' rights in several areas. They probably will not be as conversant with other 19th and 20th century decisions that first addressed the issue.

Winkler, a UCLA law professor, initially notes that America was first colonized by corporations. It may be too big a leap to suggest that America *was* a corporation. But it is a fact that The Virginia Company, The Massachusetts Bay Company and the Connecticut Colony were all profit-seeking corporations, albeit with elements of governance built into them. The writers of the Constitution did not acknowledge the corporate form of existence in that document. However, as early as 1809 the Supreme Court found that a corporation (The Bank of the United States) had the same right as an individual citizen to bring a lawsuit (against Georgia's tax collector) in federal court. In 1819, the Court further ruled that a corporation (Dartmouth College) was a private entity, and that a state (New Hampshire) had no right to change an existing contract between a corporation and a third party (the King of England).

During the next few decades, lawyers seeking additional rights for corporations appealed numerous lower court rulings to the Supreme Court. While probing the innovative theories in many of those cases, Winkler acknowledges the Court's rejection of both monopoly privileges in 1837 and corporations' "privileges and immunities" protections in 1839. He suggests those rulings reflected strongly the leadership of Chief Justice Roger Taney (1836–1864), who consciously tried to narrow, refocus and reject the protections of corporations as adjudicated by Chief Justice John Marshall's court from 1801 to 1835.

Corporations' search for additional rights scaled a new mountain in 1886. Winkler details the full story behind Supreme Court Reporter of Decisions J.C. Bancroft Davis' addition of a controversial statement to the headnote to the *Santa Clara County v. Southern Pacific Railroad* case. In one of the most famous mischaracterizations of all time, Davis' assertion led Chief Justice Morrison Waite to open that case by stating that the justices believed that the 14th Amendment's

guarantees applied to corporations as well as persons. The Court reasserted that conclusion several times during the next 25 years. Indeed, more than half of the 14th Amendment cases decided by the Court between 1868 and 1912 involved corporate rights, while less than 5% involved the rights of African Americans—people who ostensibly had been that amendment's main beneficiaries.

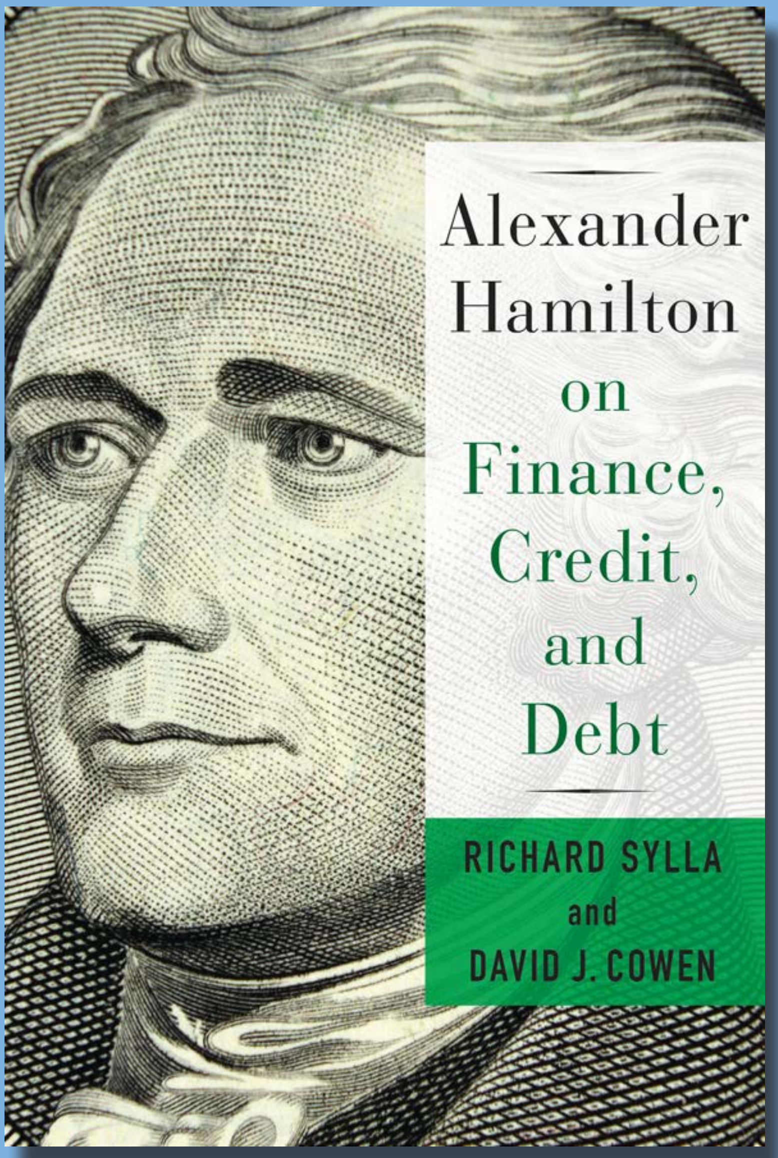
Winkler traces the Court's continuing assertion of corporations' *property rights* through numerous cases it decided during the first third of the 20th century. He also notes several instances in which the justices failed to envision in the Constitution *liberty rights* for those organizations. Regrettably, a series of different Court configurations failed to draw any sharp distinctions between those two *italicized* terms; so the author tries to do so through a tedious detailing of the legal arguments and findings in more than a dozen relevant cases. Happily, he intersperses that work with a very readable discussion of the economic and political environment of the times, including the activities of executives, lawyers and justices alike.

The author notes the unusual significance of a footnote written by Justice Harlan Fiske Stone in a little-known 1938 case that changed the nature of the Court's activities for the next seven decades. Stone suggested that his colleagues defer to the ballot box and the political processes of government when confronting difficult economic questions. He believed the Supreme Court should focus more attention on protecting the civil rights and liberties of minorities that were too frequently persecuted by the majority. Subsequent courts did indeed plow new ground in recognizing civil rights and liberties long denied to racial minorities, socialist radicals and criminal defendants. But they also acknowledged and expanded rights such as freedom of association, freedom of speech and freedom of the press to corporations. The analysis and commentary in the book's last few chapters are likely to stir some readers' ire while comforting others who appreciate the position of the corporate form of business.

Winkler writes with the vocabulary and style of a lawyer, not an historian. But it is worth plowing through his narrative to gain a more comprehensive view of corporations' search for their civil rights than one can get from contemporary arguments over the most recent pronouncements in this area.

Michael A. Martorelli is a Director Emeritus *at Fairmount Partners in West Conshohocken, Pennsylvania, and a frequent contributor to* Financial History. *He received his MA in History from American Military University.*

New from Columbia University Press



"Alexander Hamilton was the architect of the American financial system that endures to this day, making his founding-era writings on topics such as the national debt, trade, foreign investment, and central banking both resonant and relevant to contemporary readers. Sylla and Cowen provide helpful historical context, but they largely let Hamilton's genius speak for itself. From short essays that resemble the modern op-ed to legal documents to his reports to Congress as Treasury Secretary, the book offers a compelling window into Hamilton's visionary thinking on economic matters."

—Robert E. Rubin, co-chair emeritus,
Council on Foreign Relations,
and former U.S. Treasury Secretary

"Hamilton's writings always impress for their clarity of argument and, especially, for their prescient vision of the future of the American economy. Thanks to Richard Sylla and David J. Cowen for reminding us of that."

—Ben Bernanke, former chairman of the Board
of Governors of the Federal Reserve System

For more information about the book, please visit **CUP.COLUMBIA.EDU**

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